



Exhibit 3

2020-2021
Program Details





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I. INTRODUCTION

Exhibit 3: Program Details provides discussion about PSE’s Energy Efficiency department conservation programs, functions and activities, including those that do not have an associated Conservation Schedule. Exhibit 3 accompanies PSE’s Annual and Biennial Conservation Plans, and is continually updated at appropriate intervals throughout the year. The contents of Exhibit 3 are developed to be consistent with applicable sections of WAC 480-109, the conditions outlined in Appendix A of Order 01 in Docket UE-171087, and sections A through J and L of the 2010 Electric Settlement Agreement in Docket UE-100177. These include, but are not limited to:

- WAC 480-109-110(1)(a) Discussion of programs and measures,
- WAC 480-109-110(1)(i)(1) Discussion of efficiency marketing efforts,
- WAC 480-109-110(1)(i)(2) Discussion of Incentives,
- Condition (5) Program Details filings.

Exhibit 3 program details also include natural gas program discussions. This is consistent with the requirements outlined in Exhibit F of the 2002 General Rate Case Settlement, Docket UG-011571.

A. Associated Documents

As a part of its 2020-2021 Biennial Conservation Plan (BCP) filing, PSE includes several documents associated with Exhibit 3. It is noteworthy that Exhibit 3 may be updated and filed, consistent with condition (5) when there are major program updates. Additional documents, updated for 2020, included with the BCP are:

| | |
|--|------------|
| Savings and budgets (both electric and natural gas) order number details | Exhibit 1 |
| Cost Effectiveness Calculation Tables | Exhibit 2 |
| Evaluation Plan | Exhibit 6 |
| Evaluation, Measurement & Verification (EM&V) Framework | Exhibit 8 |
| Northwest Energy Efficiency Alliance (NEEA) Plan | Exhibit 10 |

B. Program Details

Following each program's title is the corresponding Conservation Schedule number. A number preceded by an "E" indicates that this is an electric Schedule. Similarly, a number preceded by a "G" indicates that this is a natural gas Schedule. All conservation programs have the same Conservation Schedule number for both natural gas and electric service.

1. Program Detail Revisions

As has been its standard business management practice, consistent with adaptive management principles, PSE makes adjustments to its conservation offerings, delivery methods, marketing, incentives, and other elements of its programs on a periodic basis. This ensures that PSE anticipates and adapts to customer demand, market trends, and is positioned to achieve aggressive conservation savings targets. Consistent with WAC 480-109-110(3), the Conservation Resource Advisory Group ("CRAG") was presented with draft copies of Exhibit 3: Program Details on October 1, 2019, prior to the filing of the final draft with the Washington Utilities and Transportation Commission ("UTC" or "Commission") on November 1, 2019.

Following this filing, any subsequent filings will be provided to the CRAG in their "mark-up" version prior to UTC filings, per condition (5).

2. Program Details Organization

The organization of program detail discussions aligns with that of Exhibit 1: Savings and Budgets.¹ This facilitates easy reference from a program's budget to its description, marketing plan, incentive offerings, etc.

¹ One exception is in the Residential Energy Management's Residential Business-to-Business Channel, as discussed in the REM introduction.

C. Document Contents

All program details within this Exhibit were updated to reflect the most accurate representation of their planned 2020 offerings and services. Most Program Details² discuss the program's:

- Purpose,
- Description,
- Delivery Method (online rebate application, custom grant, instant rebate, etc.),
- Implementation Model (in-house, via third party management, or other),
- Customer Experience,
- Target Market,
- Customer Incentives, and
- Marketing and Outreach Plan.

² Residential Energy Management and Business Energy Management sectors only. Portfolio Support and Research & Compliance functions and Other Electric Programs may exclude *Target Market*, *Customer Incentives* or *Marketing Plan* sections.

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II. GENERAL GUIDELINES FOR MEASURES, INCENTIVES AND ELIGIBILITY

1. Definitions and terms used throughout this document are governed by the Company's Electric Tariff G and Natural Gas Tariff. Where there is a conflict, the Tariff definition shall prevail.
2. Specific terms and conditions are found on the applicable incentive forms, grant documents, rebate application forms and similar documents available from the Company. Some measures noted in this document apply only to a particular customer type or structure type. Some structure types do not have individual measure/incentives available; rather, an incentive may be applied to the entire qualifying structure. Please thoroughly read the incentive terms and conditions before investing in an energy efficiency measure.
3. Some incentive payments noted in this document may be divided in a manner consistent with the Company's program objectives. In some cases, this division may be between the qualifying party or parties receiving the measure. For example, an installing contractor may receive a portion of an indicated incentive amount, with the end-use customer receiving the balance of the indicated amount. Qualifying parties may include, but are not limited to, manufacturers, retailers, distributors, owners of structures, tenants, customers, general contractors, verifiers, approved Washington State Agencies or similar entities.
4. The term **Maximum Amount**, noted in some programs, represents the total amount of funding available per indicated measure, household, dwelling unit, eligible party or parties or structure. Incentive amounts may vary, depending on market conditions, funding availability, energy efficiency level of the installed product(s) or measure, eligibility of the party installing the measure or other similar conditions.
5. At the Company's discretion, and based on changing market conditions, cost-effectiveness and program objectives, incentive amounts may vary from the indicated Maximum Incentive Amount from time to time. The Company may implement limited-time offers, special performance incentives for field forces (sometimes referred to as SPIFs), temporary promotions, purchasing of products directly for resale, or other adjustments to incentives.

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These adjustments will continue to be based on regionally-accepted energy savings estimates and incremental efficiency measure costs. These adjustments may be noted on the PSE.com website, press releases, advertisements, or other media. It is always a good idea to consult an energy advisor at 1 800 562-1482 if you have questions.

6. The Company's energy advisors are available to answer specific energy-efficiency questions, Monday through Friday, 8am to 5pm. Many rebate forms and additional program information are also available via the Company's website:

<http://pse.com/savingsandenergycenter/Pages/default.aspx>

7. Many of the indicated measures require the services of or installation by a professional contractor. Before engaging a contractor, it is important to understand the terms and conditions of the measures for which you may apply and ensure that the contractor meets the Company's qualifying standards.

Generally, contractor qualifications include, but are not limited to:

- Licensed, bonded and insured in the State of Washington.
 - Willing to comply with training and inspection by the Company.
8. Some of the indicated measures have very specific requirements that must be satisfied in order to qualify for the indicated incentive. These include, but are not limited to: structural measures (insulation, windows, etc.), HVAC applications (heat pumps, air handlers, etc.), plumbing fixtures (water heaters, boilers, etc.) and so on. Qualifications listed in this document as a part of the measure description are of a general nature only, and are intended to provide an overview for the customer. Additional information is available on PSE.com, via an energy advisor (1-800-562-1482) and is provided in the incentive application form.

Prior to committing to a potentially large investment, (a heat pump, water heater, windows, insulation, etc.) **it is recommended that customers visit PSE.com or call an energy advisor** to obtain the complete list of qualifications for the measure being considered.

9. Customers, eligible parties, owners or tenants with applicable owner permission assume all liabilities associated with contracting, work performance, ensuring applicable permits are obtained and paying independent contractors. The Company may provide contractor referral services for measures.

10. General terms and requirements for incentive qualification include, but are not limited to:

- Original purchase receipt or invoice, indicating the date of purchase,
- Address (the physical location) of where the measure is being installed,
- Name of person(s) business or entity name claiming the incentive,
- The structure must be receiving (or will be receiving in the case of new construction) electric service or bundled natural gas service from the Company. Certain service types may be ineligible for conservation rebates, grants, or remuneration. Please consult with the specific terms and conditions of the measure about which you are interested, consult PSE.com, call an energy advisor (1-800-562-1482), or review the incentive application form.

11. PSE regularly offers some measures on a pilot basis. In these cases, the measure is color-coded separately from standard offerings in the applicable program's measure tables. PSE pursues pilot measures in order to test market acceptance and confirm savings potential. PSE may offer or withdraw this measures at its discretion.

12. There are infrequent circumstances where PSE infrastructure priorities necessitate measure offerings that are different than those listed in the following program discussions. These targeted offerings are intended to defer necessary infrastructure costs in select localities, where detailed avoided costs can be specifically identified. Customers in these PSE-identified localities may be eligible for increased incentives on standard measures (listed in the following applicable program discussions). Furthermore, measures may be available in these specific localities that—without the application of locally-specific avoided costs—would have been otherwise cost-ineffective.

PSE created its Targeted DSM program to address these needs, and provides details of the program in the Regional Programs chapter.

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III. RESIDENTIAL ENERGY MANAGEMENT

A. Low Income Weatherization

Schedules E/G 201

The Low Income Weatherization program is included in the Residential Business-to-Business Channel. This is primarily because the majority of customer-facing contact for this organization is through low-income agencies throughout the PSE territory. The program discussion is presented here to maintain the numerical sequence of the Conservation Schedules, as also presented in *Exhibit 1: Savings and Budgets*.

1. Purpose

The Low Income Weatherization program assists low income residential customers to improve the energy efficiency of single family residences, multifamily structures and manufactured/mobile homes.

In 2020-2021, the goal of Puget Sound Energy's Low Income Weatherization Program will be to continue to lessen the energy-cost burden of lower income customers by improving the energy efficiency of their residences and educating these consumers on routine ways to reduce their energy use and costs.

Program efforts will build on the existing model and extend the partnerships with assistance agencies as well as leverage other PSE programs for income eligible customers. In 2020-21, the program will distribute dollars collected from the Microsoft Special Project dollars to expand access to cost-effective energy efficiency services and renewable energy technologies for PSE's low income electric customers, and will implement the terms of the 2018 Settlement Stipulation and Agreement, Docket U-180860.

2. Description

Key stakeholders are low income natural gas and electric customers; county and municipal low income weatherization agencies in the PSE service area, Washington State Department of Commerce ("Department of Commerce" or "Commerce"), and participating weatherization contractors and suppliers.

For those projects receiving PSE funding combined with other State and Federal funding, income eligibility is determined in accordance with Department of Commerce Policies and Procedures.

Residential Low Income Weatherization provides funding of many cost-effective home weatherization measures for low income customers receiving natural gas and/or electric heat from PSE.

Funds are used for single-family, multi-family and manufactured home residences. Some measures which do not meet standard cost-effectiveness tests may also be approved. Measures funded may include conservation measures that are cost effective consistent with the *Weatherization Manual* and those measures identified through the priority matrix in the *Weatherization Manual*.

In addition, this program provides funding for energy-related repairs and energy education. An energy-related repair is a repair that is necessary (1) to install a weatherization measure properly, (2) to protect the health and/or safety of the occupants, (3) to address an existing problem that weatherization could aggravate or (4) to protect the integrity of the installed measure. Examples include but are not limited to:

- Repair roof leaks,
- Electrical inspection and repairs,
- Mold/mildew remediation,
- Rodent, insect and pest extermination,
- Bath and kitchen ventilation upgrades, and
- Furnace or water heater repairs or replacement.

Sources of Low Income Weatherization funding include, but are not limited to, Electric Rider, Gas Tracker, Company funds, Macquarie Transfer Settlement dollars, Special Contract Settlement dollars, BPA credits or other federal or state government programs.

For those funds that must meet a cost effectiveness standard, up to 30 percent may be applied to energy-related repairs or to pay the balance of an energy efficiency measure that is necessary to effect the installation of cost-effective measures. The final percentage allocated will be determined according to the overall program cost-effectiveness.

a. 2019 Macquarie Transfer

The Settlement Stipulation and Agreement (Macquarie Transfer) is a Multiparty Settlement Stipulation and Agreement, Docket U-180680, which authorizes the sale of indirect interests in Puget Sound Energy, and includes commitments that will benefit low income customers in PSE's service territory.

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In the 2020-21 biennium, PSE will implement the terms of the settlement including a:

- Schedule 201 annual base funding level of no less than \$4.43 million for low income weatherization programs through December 31, 2022;
- Continued annual contributions of \$400,000 from shareholder funds for the Low Income Weatherization Program;
- Continued annual contribution of \$500,000 to the Low Income Weatherization Program for so long as decoupling adopted in Dockets UC-121697 and UG-121705 continues;
- One-time contribution of Shareholder funds in the amount of \$2 million to the Low Income Weatherization Program to be disbursed over a five year period. PSE will collaborate with internal and external stakeholders during the 2020-21 biennium to identify optimal applications of the funds and to disburse them according to an agreed-upon timeline;
- Needs assessment related to energy affordability with targeted completion of June 1, 2020; and,
- Maintenance of a project cost allowance of 30% for Administrative/Indirect Rate associated with the delivery of the Low Income Weatherization Program.

b. Special Contract Funding

Per stipulations outlined in the special contract between Microsoft and PSE and approved by the Commission, established as a part of the Settlement Agreement in Docket UE-161123, PSE estimates that the Low Income Weatherization program will manage up to approximately \$145,000 annually for energy efficiency projects, emerging technology, distributed generation, or repairs necessary to install energy-efficiency measures. PSE will collaborate with internal and external stakeholders during the 2020-21 biennium to disburse settlement funds in a way that engages agency partners to provide maximum benefit to low income customers throughout the PSE service territory.

c. 2017 General Rate Case Settlement Stipulation

Beginning January 1, 2018, PSE will provide an additional amount of \$2 million to facilitate project support activities. The funding is consistent with terms outlined in PSE's 2017 General Rate Case (GRC) Settlement Stipulation Agreement.³

This funding will be in effect until June 30, 2019. PSE will provide reimbursement to partnering agencies of up to 30 percent of project that agencies enter in PSE's Low Income Weatherization online portal for project support. This amount is incremental to the funding that PSE already provides as a part of its standard services (install measures, protect health and safety, and protect the integrity of the installed measure). PSE will continue to provide reimbursement at this level through the 2020-2021 biennium.

There is no cap on low income funding; if agencies provide cost-effective projects beyond PSE's forecasted biennial total, PSE will continue funding the standard activities.

3. Manufactured Home Strategies

PSE will continue to target low income customers in the manufactured home sector, using the findings of the Cadmus Manufactured Homes study, the Macquarie Transfer Needs Assessment, and the Department of Health cumulative impact assessment (see CETA implementation below) to inform program design and customer engagement.

In response to the results of the Cadmus study, some priority manufactured home customer groups for the 2020-21 biennium include:

- Spanish Speaking Customers
- Out of Park Customers

PSE will leverage a variety of tactics including social media, community-based social marketing, email, and transcreated collateral to increase customer participation in Weatherization and Bill Payment Assistance programs and other relevant PSE offerings.

³ Dockets UE-170033 and UG-170034.

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Program staff will place particular emphasis on ductless and air source heat pump offerings at no cost to the customer. PSE will continue to collaborate with the State and the Energy Program to install ductless heat pumps in income eligible manufactured homes, leveraging PSE collateral such as a ductless heat pump-focused poster translated in Spanish encouraging customers to apply.

4. Coordination Between Utilities

For the 2020-21 biennium, PSE will rekindle low income weatherization roundtables with neighboring utilities and will continue its participation in the ACEEE and BPA low income working groups.

5. Clean Energy Transformation Act (CETA) Implementation

During the 2020-21 biennium, PSE low income weatherization staff will coordinate internally, and when needed with the Department of Commerce and Department of Health to meet CETA legislative requirements with a particular emphasis on Section 12 (utility data collection) and Section 14 (when available, application of the cumulative impacts assessment to inform future program design).

6. Manufactured Home Replacement Initiative

In 2020-2021, the LIW program will continue to explore scalable program designs to the replacement of manufactured homes. Once PSE completes the proof of concept analysis from the 2019 pilot, staff will explore more potential partnerships and funding sources to support a permanent program.

7. Delivery Method

The Low Income Weatherization program provides funding to designated low income agencies. These agencies manage the direct installation of energy efficiency measures into low income customer homes using contractors engaged by the agencies.

8. Implementation Management

The Low Income Weatherization program manages all agency conservation measure installations via in-house, PSE program staff.

9. The Customer Experience

Eligible low income customers, including owners and tenants of single family, multifamily, and manufactured homes, are defined as those that meet federal poverty guidelines issued by The Washington State Department of Commerce and receive natural gas and/or electricity from PSE. Low Income agencies are contracted with PSE to perform customer income eligibility, manage the installation, and track and report project data to PSE.

During the Biennium, the Program will strive to enhance the customer experience by providing customers options for assistance and making it easy to do business through the Program. To that end, the Program will continue to work closely with the PSE Energy Assistance Program on outreach and communication strategies, using merged collateral, and sharing program information, while collaborating on PSE action items related to the findings of the Macquarie Transfer Settlement needs assessment and in meeting CETA mandates.

10. Opportunities for Program Awareness (Data-Driven Strategies)

Through the use of segmentation tools, PSE will strive to provide more customized outreach to populations in need. In particular, PSE will continue to increase its service to the Manufactured Home Sector through direct marketing campaigns and coordinated efforts with Community Action Agencies to identify enhanced methods of program delivery.

11. Customer Incentives Overview

a. All Structures

Measures apply to existing single-family, multifamily and mobile home structures. Funding for measures and customer eligibility are outlined in PSE's conservation Tariffs. Funding is disbursed to local agencies. Payments are based on incentives for measures installed. Local agencies are permitted fixed percentages for administrative costs under the existing tariff.

Under the Matchmaker Agreement with Department of Commerce, PSE's low income Tariff-based funding may be combined to support a "whole house" approach for structures.

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Applicable Low Income measure category headings include, but are not limited to:

- Building envelope Improvements,
- Heating system upgrades,
- Water heating upgrades,
- Lighting upgrades,
- Appliance replacement, and
- Common area upgrades.

Measure incentive eligibility criteria are based on, but not limited to, established, industry standard cost-effectiveness tests including those employed in the *Weatherization Manual*, structure type and its location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity. The majority of measure funding falls into three categories: paid per *square or linear foot* (attic insulation, for instance), per *measure* (for example, an LED bulb), per *structure* (for example, one furnace, or water heater per home).

b. Retrofit – Multi-Family

Prescriptive incentives will be applied to measures installed within units of multi-family residences. In addition to this, calculated commercial measures or measures that are cost-effective consistent with the *Weatherization Manual* are made available for common area and residential unit measures. All calculated incentives will be evaluated using currently accepted PSE commercial engineering calculations or methods consistent with the *Weatherization Manual*.

12. Electric Funding

a. Per-Structure Basis

| Measures | Maximum Payment Amount | | |
|---|------------------------|-------------|-------------------|
| | Single Family | Multifamily | Manufactured Home |
| Electronic Thermostats (Replacement of bi-metal thermostats with electronic thermostats. Line voltage thermostats only.) | \$67.50 | \$67.50 | \$67.50 |
| Duct Sealing with other measures (unconditioned spaces) | \$500.00 | - | \$500.00 |

Low Income Weatherization electric per-structure measures, continued

| Measures | Maximum Payment Amount | | |
|---|------------------------|-------------|-------------------|
| | Single Family | Multifamily | Manufactured Home |
| Water Heater Pipe Insulation (3 feet, or more, with minimum thermal value of R-3) | \$20.00 | \$20.00 | \$20.00 |
| Refrigerator Replacement <i>(In accordance with US DOE protocol and Commerce requirements)</i> | \$545.00 | \$545.00 | \$545.00 |
| Heat Pump Water Heater Tier 2 | \$900.00 | \$900.00 | \$900.00 |
| Heat Pump Water Heater Tier 3 | \$1,369.00 | \$1,369.00 | \$1,369.00 |
| Ductless Heat Pump (AHRI certified, inverter technology, minimum 1.0 ton) | \$4,282.55 | - | \$3,988.40 |
| Energy Star Whole House Fan | \$708.10 | \$708.10 | \$730.01 |
| Heat Pump w/AC | \$3,953.00 | \$3,953.00 | \$3,953.00 |

b. LIW Electric Per Square-Foot Basis

| Measures | Description | Maximum Payment Amount |
|---|---------------------------------------|------------------------|
| Air Sealing Multifamily Structures | Dense Pack Walls and Rim Joists | \$2.75 per sq. ft. |
| | Attic and/or Crawl Space | \$0.95 per sq. ft. |
| | Door Kits | \$100.00 |
| | Recessed Can Covers | \$40.00 |
| | Energy Star® Bathroom Fans (DC Motor) | \$708.00 |
| | Bathroom Fan Timers | \$50.00 |

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LIW Electric Per Square-Foot Basis electric measures, continued

| Measures | R-Existing | R-New | Maximum Payment Amount | | |
|--|-------------|--------------|------------------------|-------------|-------------|
| | | | Single Family | Multifamily | Mobile Home |
| Air Sealing (Per CFM50 Reduction) | - | - | \$1.32 | - | \$1.15 |
| Ceiling Insulation | 0 | 19 | - | \$1.42 | - |
| | 0 | 22 | - | - | \$1.55 |
| | 0 | 30 | | | 2.03 |
| | 0 | 38 | \$2.43 | \$1.92 | - |
| | 11 | 38 | \$1.59 | \$1.59 | - |
| | 19 | 38 | \$1.29 | \$1.29 | - |
| | 0 | 49 | \$2.43 | \$2.43 | - |
| | 11 | 49 | \$1.82 | - | - |
| Duct Insulation | 0 | 11 | \$6.46 | \$6.46 | - |
| | 19 | 49 | - | \$1.82 | - |
| Floor Insulation | 0 | 19 | \$1.87 | \$1.87 | - |
| | 0 | 22 | - | - | \$2.37 |
| | 0 | 30 | \$2.20 | \$2.20 | \$2.70 |
| | 11 | 22 | - | - | \$1.84 |
| | 11 | 30 | - | \$1.13 | - |
| Wall Insulation | 0 | 11 | \$2.75 | \$2.75 | \$2.75 |
| Windows | Single pane | U-value 0.30 | \$20.50 | \$20.50 | \$20.50 |
| | Double pane | U-value 0.30 | \$20.50 | \$20.50 | \$20.50 |

c. LIW Electric Per-Measure Basis

| Measures | Maximum Payment Amount | | |
|---------------------------------------|------------------------|-------------|-------------|
| | Single Family | Multifamily | Mobile Home |
| Energy-efficient Shower Head, 1.5 GPM | \$40.50 | \$40.50 | \$40.50 |
| Faucet Aerator, 1.5 GPM | \$11.35 | \$11.35 | \$11.35 |
| Smart Thermostat | | | \$400.00 |

13. Offerings Unique to Structure Type

a. Single Family, Multi Family, Mobile Home

- Savings to Investment Ratio (SIR) Measure Upgrades, calculated incentive *

* Conservation measures that are cost effective consistent with the *Weatherization Manual*

14. Natural Gas Funding

a. Per Structure-Basis Savings

| Measure | Maximum Payment Amount | | |
|---|------------------------|-------------|-------------|
| | Single Family | Multifamily | Mobile Home |
| Duct Sealing (unconditioned spaces) | \$500.00 | - | \$500.00 |
| Water Heater Pipe Insulation (3 feet with minimum thermal value of R-3) | \$20.00 | \$20.00 | \$20.00 |
| Energy Star® qualified Gas Furnace or equivalent | \$4,290.00 | \$4,290.00 | - |
| Integrated Space & Water Heating | \$1,526.00 | \$1,144.00 | - |
| Structure Sealing (Per CFM ₅₀ Reduction) | \$1.32 | - | \$1.15 |
| Energy Star® qualified Water Storage Tank | \$841.67 | | \$841.67 |
| Energy Star® qualified Tankless Water Heater | \$1,484.00 | | \$1,484.00 |

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b. LIW Natural Gas Per Square-Foot Basis

| Measures | R-Existing | R-New | Maximum Payment Amount | | |
|--------------------|-------------|--------------|------------------------|-------------|-------------|
| | | | Single Family | Multifamily | Mobile Home |
| Ceiling Insulation | 0 | 30 | - | - | \$2.03 |
| | 0 | 38 | \$2.43 | \$1.92 | - |
| | 11 | 38 | \$1.59 | | - |
| | 0 | 49 | \$2.43 | \$2.14 | |
| | 11 | 49 | \$1.82 | | |
| Duct Insulation | 0 | 11 | \$6.46 | \$6.46 | - |
| Floor Insulation | 0 | 22 | - | - | \$2.37 |
| | 0 | 30 | \$2.14 | \$2.20 | \$2.70 |
| Wall Insulation | 0 | 11 | \$2.75 | \$2.20 | \$2.75 |
| Windows | Single Pane | U-Value 0.30 | \$20.50 | \$20.50 | \$20.50 |

c. LIW Natural Gas Per-Measure Basis

| Measure | Maximum Payment Amount | | |
|---------------------------------------|------------------------|-------------|-------------|
| | Single Family | Multifamily | Mobile Home |
| Energy-efficient Shower Head, 1.5 GPM | \$40.50 | \$40.50 | \$40.50 |
| Faucet Aerator, 1.5 GPM | \$11.35 | \$11.35 | \$11.35 |
| Smart Thermostat | | | \$400.00 |

15. Offerings Unique to Structure Type

Multi Family, Existing

- Common Area Upgrades, calculated incentive⁴
 - Heating Upgrade
 - Solar Pool Heater
 - Solar Water Heater
 - Solar Space Heat

16. Energy-Related Repairs Funding

All Structures & Fuel Types

Measures

Health and Safety Repairs (including, but not limited to):

- Electrical safety inspection and repairs
- Extermination of pests, insects or rodents
- Mold/mildew abatement
- Installation of carbon monoxide monitors in homes with natural gas

Weatherization-Related Repairs (including, but not limited to):

- Roof repair
- Plumbing repair
- Manufactured home skirt repair
- Ground Cover

Ventilation

- Installation of bathroom and kitchen ventilation fans
- Crawlspace and attic ventilation

⁴ Incentives will be evaluated using currently accepted PSE commercial engineering calculations. Based on cost and savings analysis, project payment based on PSE Cost Effective Standards.

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Furnace/Water Heater Repair, Maintenance, or Replacement

Energy Education

- In-unit and group consultations
- Leave-behind information in units and homes

17. Target Market

Low income customers including owners and tenants of single family, multi-family, and manufactured homes that meet federal poverty guidelines issued by The Washington State Department of Commerce and natural gas and/or electricity from PSE. Low Income agencies are contracted with PSE to perform customer income eligibility, manage the installation, and track and report projects to PSE.

18. Marketing and Outreach Plan

The Low Income Weatherization program is a highly prescribed program that relies on its partner housing agencies to deliver its offerings to eligible low-income homeowner participants. The primary marketing objective is to elevate program awareness to customers and increase end-user participation through key housing agencies' administrators.

Through data-driven, targeted marketing and outreach tactics, PSE will increase awareness of PSE's Low Income Weatherization program and intake of qualified single family, manufactured home, and multifamily residential electric and natural gas customers within PSE's service territories, specifically:

- Customers who are income eligible for PSE Assistance programs or LIHEAP funding
- Manufactured Home Customers, in and out of park
- At-risk or vulnerable communities
- Community Action Partner (CAP) Agencies
- Community Development nonprofits and other social service entities
- Landlords and property managers

PSE will continue our commitment to building on recent program enhancements that reach customers by providing and improving in-language outreach and tools to its income-eligible Hispanic communities, including use of PSE's Transcreation tool.

In October, 2019, PSE invested in a digital EnergyHelp tool. This new self-service option allows low income customers to begin their application process for bill assistance at PSE.com, including setting up an account, taking a prescreen questionnaire to determine eligibility and uploading necessary documentation. Future enhancements will also allow customers to make and report their agency appointments online, automatically initiating the dunning process.

a. *Low income Program Awareness Tactics*

The main tactic continues to be maintaining meaningful, consistent messages in marketing materials and continuing to target specific, localized outreach efforts that increase customer trust and program access. PSE will supplement community partner outreach with marketing and outreach tools that help maximize awareness of the Low Income Weatherization program in areas that are most likely to include income-eligible customers.

PSE will continue to innovate and implement new communications strategies that aim to break customer communication barriers and build trust.

Some of PSE's key communication channels to elevate customer awareness and participation in PSE low-income assistance programs might include:

- Weatherization Assistance/HELP joint brochure (multiple languages)
- Outreach events
- Targeted direct mail pieces
- Paid and earned media placements, with a multicultural component
- Optimizing PSE web pages
- Trade publications
- PSE outreach efforts with local social service agencies, municipal jurisdictions, school districts, and chambers of commerce
- Media testing in cultural/language specific media channels
- Participation in national and local Weatherization Days
- Social media content and advertisements
 - Multifamily energy fairs
 - Presentations to customer groups

Any PSE-supplemented community partnerships or marketing promotions will be done in close coordination with the program manager and local agencies.

Exhibit 3: Program Details

Low Income Customer Energy Efficiency cross-program integration opportunities may include, but will not be limited to:

- Continue efforts to provide manufactured home customers with Home Energy Assessments
- Leveraging all PSE incentives
- Coordinate with partnering utilities
- Educational displays:
 - Posters or infographics explaining the program services
 - Outreach to local pay stations requesting to host educational displays

b. Partner Marketing with Housing Agencies

The key strategy is to encourage Housing Agency Administrators to move applications swiftly and smoothly through the approval process, and to identify Low Income Weatherization opportunities to eligible candidates.

This strategy requires a communications program that delivers the most current information about the Low Income Weatherization program to agencies.

There will also be an effort to passively deliver collateral through this channel on other single family residential offerings and energy efficiency tips that could be helpful to candidates on the waiting list. This effort must also allow for peer recognition and recognition of results accomplishment to motivate administrators to push this program opportunity whenever suitable.

B. Single Family Existing

Schedules E/G 214

1. Purpose

The Single Family Existing (SFE) suite of programs acquire cost-effective energy savings from existing single-family (less than or equal to four units on a parcel) retrofit measures and services.

2. Description

Single Family Existing programs implement cost effective, targeted, residential energy savings using a menu of prescriptive and calculated efficiency measure incentives, including rebates for single family existing structures. Existing single family structures are defined as residential dwellings which include; structures with four or less units that are attached by a contiguous roofline, manufactured or factory built homes permanently affixed to a concrete foundation, and manufactured or factory built homes that are transportable. Single family existing residences exclude structures that are currently under construction. Prescriptive rebates are intended to facilitate participation by customers, tenants (who have obtained property owner consent), contractors, manufacturers, retailers, developers, trade allies, and provide administrative efficiencies for PSE in meeting energy efficiency goals.

A group of SFE programs are consumer-oriented—that includes, but is not limited to; refrigerator decommissioning, showerheads, appliances, and energy efficient lighting. These programs are targeted to a wide variety of retail and manufacturer entities, which include online and PSE’s own online store. Program staff also collaborate on consumer electronics and select appliances through PSE’s funding relationship with NEEA.

Other SFE programs are delivered to customers mostly through contractors, including Single Family Weatherization, Space Heat and Water Heat. These programs’ target market constituency consists primarily of resellers and contractors that sell, install, and service HVAC systems, water heating systems, windows and insulation, as standalone measures.

Note: Multifamily campuses which have a mixture of existing residential building types, including buildings with four attached residential units or less, are served under the Multi-Family Retrofit Program; schedules E217 & G217.

3. Eligibility

Eligible parties include: a manufacturer, retailer, distributor, equipment supplier, contractor or agent acting on behalf of responsible party of service, the customer or tenant with applicable owner authorization, of an existing single-family structure receiving electricity or natural gas through a PSE residential Schedule; Rates 7 (including 17, 27, 37 and 47), 8, 11 and 12.

Single Family Residences include structures with four or less single-family units that are attached by a contiguous roofline and manufactured or factory built homes (permanently sited). Single Family Residences that are within a multi-family campus as defined in electric and gas Schedules 217 and 218 of this Tariff, and structures under construction are ineligible for this program.

Rebates and incentives offered to eligible natural gas and/or electric PSE Single Family Existing customers include a variety of end-use classifications, not limited to:

- Light-Emitting Diode (LED) lighting.
- Consumer Electronics, such as sound bars and other efficient products, that PSE recommends but does not directly incentivize, through PSE's partnership with NEEA and the Regional Product Portfolio.
- Appliances—including electric dryers, clothes washers, and heat pump dryers.
- Refrigerator and Freezer Decommissioning for both secondary and primary units.
- Weatherization, including windows, insulation air and duct sealing.
- Smart Thermostats
- Space heating including hydronic systems, high efficiency furnaces, high efficiency boilers, high efficiency fireplaces, heat pumps, and system controls, such as smart thermostats.
- Water heating, including tank water heaters, tankless water heaters, heat pump water heaters, and efficient showerheads.

Program staff regularly review incentive amounts and savings values, which are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Incentives may be subject to change in response to revisions in savings estimates, average incremental cost, market conditions, or changes in Federal efficiency standards or State codes.

4. Single Family Existing Programs

These programs are designed to ensure that customers have access to a wide variety of efficient product options. When advantageous to do so, PSE may purchase energy-efficiency products directly from manufacturers or distributors to resale to customers or provide to retailers for resale. This may occur at either traditional or online stores, including PSE's online marketplace. PSE also provides field services to educate retail employees on its products, detail qualifying product, and ensure compliance with PSE agreements.

2020-2021 Programs & Measures:

a. Retail Lighting

Washington State's House Bill 1444 adopted the EISA expanded definition of a general service lamp (GSL) effective January 1, 2020. PSE elected to discontinue incentives on the measures that are within that definition starting February 1, 2020. This aligns with PSE's Memorandum of Understanding cycle for retail field services and allows for a conservative sell-through period for retailers of the GSL inventory. PSE will continue to offer incentives on measures not covered by the GSL definition for single family residential electric customers. These includes T8 LED fixtures, T8 LED retrofits, and LED string lights.

Commercial lighting retail incentives are offered through the Lighting to Go program. Lighting to Go follows a similar programmatic format to residential retail lighting. More detailed program discussions are in the Business Energy Management section, Schedules E262.

i. Delivery Method

PSE offers instant discounts on qualifying LED light bulbs and fixtures at participating retailers to residential electric customers. Retailers in the program include brick and mortar locations as well as online retailers.

ii. Implementation Management

In-store signage with utility rebate attribution indicates to customers the LED bulbs and fixtures with PSE's instant discount. Manufacturer partners submit for rebate processing to receive reimbursement for the instant discount that customers received at the retailer. Program awareness and limited-time offers are marketed via in-store signage, in-store events, email, social media, web, and paid advertising.

Exhibit 3: Program Details

b. Space and Water Heating

This program manages incentives and installations of heating and water heating systems, including but not limited to natural gas furnaces and boilers, heat pumps, hydronic systems, and domestic water heaters.

i. Delivery Method

In the Space and Water Heat programs, fulfillment delivery varies, depending on the measure or measure type. A selected number of measures are managed within Energy Efficiency's Rebates Processing organization. Other measures receive "instant" rebates from retailers or wholesalers. Another category, often referred to as "midstream" are comprised of wholesalers or distributors. Below are some examples of measure fulfillment delivery:

- In/house Processed Measures: Natural Gas Furnace, Natural Gas Water Heater, Boiler, Integrated Space and Water Heat, Heat Pump, Ductless Heat Pump.
- Third Party Retail/ Wholesale Instant Discount Measures: Heat Pump Water Heater.
- Third Party Wholesale Instant Discount Measures: Heat Pump (Above Code), Ductless Heat Pump (Above Code).

ii. Implementation Management

In house Processed Measures: Program implementation management will focus on working with PSE Recommended Energy Professionals (REPs) through PSE's Trade Ally Network. PSE will work with Trade Ally Network members to assist its customers in installing qualifying measures. Specific implementation focus will be made to designated sectors that include home type, equipment type, location, and/or income level. Key findings from the Puget Sound Energy Manufactured Homes Market Study have been used to guide the implementation strategy.

The program has created a higher incentive level to help target hard to reach customers. The program is also working with its REPs to create more useful customer collateral to inform customers about pricing and expectations of HVAC and water heater replacements.

Heat Pump Water Heater Implementation: The program will work with a third party to implement a retail/wholesale instant discount program. This program will be designed to align incentives with other regional utility programs.

Implementation strategy will focus on overcoming market hurdles experienced since the launch of this program. The program will focus on increasing customer awareness and demand for the program as well as providing more help for customers undertaking D-I-Y installs. Another focus area of this program will be investigation of split Heat Pump Water Heat systems and the potential for these systems in the manufactured homes segment.

Wholesale instant Discount: Implementation management of the wholesale instant discount will focus on assisting contractors to sell higher efficiency heat pumps and ductless heat pumps through instant discounts on qualifying measures. These discounts will be combined with training and collateral to increase the efficiency units installed.

c. Home Energy Assessment

Home Energy Assessments provide customers with a free in-home service performed by third party Energy Specialists acting on behalf of PSE. Customers benefit from a personalized report and instant energy savings from the direct or assisted installation of high-efficiency products. The program is intended to increase the awareness of how a participating customer's home consumes energy and identify cost-effective ways to use less.

In this biennium, the program will be designed to include a pilot test of behavioral savings resulting from the assessment and related communications. Tests may include additional educational pieces, post-assessment follow-up efforts, and coordination with the Home Energy Report program.

The program will focus on providing education and energy efficiency measures to moderate income customers and to geographic areas designated by the Targeted Demand Side Management program. Customers with income levels between 200 percent and 250 percent of federal poverty level represent a hard to reach market and will be eligible for some increased incentives through other PSE efficiency programs via the Moderate Income Pilot program.

Puget Sound Energy will use census tract data from the American Community Survey to identify targeted areas with average income levels matching the moderate income qualifications. This strategy for targeting moderate income customers will inevitably reach both lower and higher income customers.

Exhibit 3: Program Details

Marketing and collateral will include options for these additional customer groups to ensure that all customers' needs are met and, in particular, that low income customers know about available energy efficiency and billing assistance services.

The costs for this program will be split between the Home Energy Assessment Program and the Pilots budget. As such, this program is also described in the Pilot section of this report.

i. Delivery Method

The Home Energy Assessments program provides conservation measures to customers free of charge during the course of an assessment. Measures may include, but are not limited to, LED bulbs, showerheads, and smart thermostats. Directly installing measures, and adding a smart thermostat option to the program, will increase energy savings compared to the 'leave behind' delivery in previous years.

Due to the breadth of the target market of this program, customers who self-qualify as low income will also be directed to opportunities available through Puget Sound Energy and their local weatherizing agency. Customers self-qualifying as moderate income and interested in additional energy efficiency services will be referred to PSE Trade Ally Network partners trained in providing moderate income incentive programs.

ii. Implementation Management

Program and pilot design, incentive-setting and policies are managed via in-house, PSE program staff. Scheduling, in-home visits, and reporting are managed by a third party implementer.

In 2020-2021, the program will focus on serving vulnerable communities and customers. Additionally, this program may be deployed as part of PSE's targeted DSM strategy when appropriate.

Puget Sound Energy will coordinate with internal and external stakeholders working with vulnerable communities to ensure the needs of these customers are appropriately met through this program.

iii. Home Appliances

The Home Appliances program incentivizes customers to upgrade from old inefficient appliances to ENERGY STAR® rated or above. Rebate program offerings include:

- Front-loading clothes washers,
- Electric dryers,
- Heat pump dryers.

The program also encourages customers to dispose responsibly of old refrigerators and freezers through the appliance decommissioning service. This program provides customers with a means to safely dispose of their unwanted refrigerators and freezers while receiving an incentive for removing a potentially high-energy usage appliance from service. Decommissioning prevents the product from continued circulation in the secondhand marketplace and is applicable to primary and secondary units.

The Home Appliance services are managed accordingly:

| Program Name | Delivery Method | Implementation Management |
|--|--|---|
| Front-loading clothes washers, Electric dryers, Heat pump dryers. | Conservation measures delivered through instant and downstream rebates paid to customers that purchase qualifying equipment. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. Retailer relationships and rebates are managed by third party implementers. |
| Refrigerator and Freezer Decommissioning | Customers receive a payment for having their qualifying refrigerator or freezer recycled. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. Scheduling, appliance pick-up and payment facilitation are managed by a third party implementer. |

In 2020, PSE plans to ease the application process and increase program participation by implementing a midstream component to the program.

Exhibit 3: Program Details

Customers will receive the rebate at the point of sale after validating eligibility. The goal is to have instant discounts available to PSE customers in both retail and online stores.

The downstream rebate path will still be available for purchases of qualifying appliances from a retailer not offering instant rebates.

d. Smart Thermostats

The Smart Thermostat program incentivizes customers to upgrade their regular or programmable thermostat to an ENERGY STAR rated smart thermostat.

i. Delivery Method

The Smart Thermostat program is currently a downstream model, in which customers apply for the rebate after purchase either through a mail-in or online application. They then receive a check or prepaid credit card in the mail. Store signage, social media and the PSE website are leveraged to promote the program to customers.

ii. Implementation Management

In 2020, PSE plans to ease the application process and increase program participation by implementing a midstream component to the program. Customers will receive the rebate at the point of sale after validating eligibility. The goal is to have instant discounts available to PSE customer in both retail and online stores.

The downstream rebate path will also be available to customers purchasing a smart thermostat from a retailer not offering instant rebates.

e. Showerheads

PSE offers instant incentives on WaterSense® labeled showerheads and aerators to customers through retail stores, targeted emails, and engagement.

i. Delivery Method

PSE offers instant discounts on WaterSense® rated showerheads and faucet aerators at participating retailers to residential electric, dual and gas customers. Retailers in the program include brick and mortar locations as well as online retailers.

ii. Implementation Management

Rebate processing is performed by a third-party vendor. PSE utilizes the RTF and studies of customers' water heat distribution to calculate savings for measures in the program. Washington State's House Bill 1444 will alter the baseline from 2.5 GPM to 1.8 GPM for showerheads in 2021. PSE will offer rebates on 2.0 GPM showerheads through 2020 and phase them out of the program in 2021 to be in compliance with the new state legislation.

f. Weatherization

The weatherization program oversees the "shell" of residential structures; installation of windows, insulation of various types, air sealing and duct sealing. In addition to rebates for site-built homes, there are increased rebates to encourage manufactured home customers to participate.

i. Delivery Method

There are two pathways by which customers can participate in the Single Family Weatherization program.

The first pathway utilizes PSE's Trade Ally Network and accounts for over 95 percent of projects. Contractors provide bids to customers using a PSE-created bid form. Once the bid is accepted, contractors provide an instant rebate to the customer on the invoice.

Contractors submit projects via an online portal, and are reimbursed twice a month through rebate checks from PSE. This pathway is encouraged by PSE since its trade allies are familiar with the weatherization specifications and rebate requirements.

The second pathway allows customers to either do the work on their own, or select an out-of-network contractor. This accounts for less than 5% of projects. Customers must go through a consideration process and have the work inspected by PSE's Verification Team. If the work passes inspection, the customer is mailed a rebate check.

ii. Implementation Management

The Single Family Weatherization program manages all contractor measure installations via in-house, PSE program staff. Contractor support is offered through the PSE Verification Team. Rebates are also processed in-house.

Exhibit 3: Program Details

g. Home Energy Reports

PSE's Home Energy Reports (HER) program provides approximately 180,000 reports to participating customers, with an electric to natural gas ratio of approximately 3-to-1. PSE plans to add an additional 100,000 customers dual-fuel customers for a total of 280,000 customers to the HER program. The increase in participants results from the 2017 Conservation Potential Assessment (CPA) integration of behavior-based savings.

PSE will continue to enhance and adapt the energy-saving messaging provided to customers based on their input and feedback. PSE will also evaluate this program on an annual basis, as it has since the program's inception. For planning purposes, a deemed value, based on the previous year's actual is used, while the verified savings trues up the reported savings in the following year.

i. Delivery Method

PSE's Home Energy Report program is currently managed via a contracted third-party implementer. In 2020/2021 PSE may add 1-2 new vendors to the program to test out various new geographic and customer marketing messaging opportunities.

ii. Implementation Management

PSE implemented the Home Energy Reports (HER) program in 2008. The HER program delivers customized, periodic reports on energy consumption to participating households and compares the households' energy consumption to that of similar neighboring homes. In addition, the reports provide personalized tips on how to save energy based on the energy usage and housing profile of participants. The HER program is designed to motivate households to reduce energy consumption through behavioral changes and participation in other PSE energy efficiency programs.

PSE structures the program as a randomized controlled trial (RCT). The RCT experimental design randomly assigns a population of interest to control and treatment groups. Due to this random assignment, the only differentiating factor between the two groups is the receipt of Home Energy Reports (treatment). This approach produces an unbiased estimate of the change in consumption with a high level of statistical precision. Program energy savings are established by an independent evaluation, based on differences in energy use between control and treatment groups.

PSE's HER participant groups have changed over time, either by attrition or by design.

5. Customer Incentives

Eligibility criteria are based on established cost effective tests. A list of all requirements for incentive eligibility and participation can be found on individual incentive or program application forms.

PSE's Energy Efficiency department maintains a comprehensive list of approved conservation Measures in its List of Measures, Incentives, and Eligibility. The Company reserves the right to adjust incentives based on market variables.

Applicable Energy Efficiency Incentive measure category headings include, but are not limited to:

- Weatherization,
- Space Heating,
- Showerheads,
- Water Heating,
- Lighting and Electronics.

a. *Single Family Existing Electric Service*

PSE regularly offers some measures on a pilot basis. In these cases, the measure is color-coded separately from standard offerings in the applicable program's measure tables. PSE pursues pilot measures in order to test market acceptance and confirm savings potential.

Exhibit 3: Program Details

PSE may offer or withdraw these measures at its discretion.

| Category | | Measure | Maximum Incentive Amount Each |
|------------|------------|--|--|
| Appliances | | ENERGY STAR Clothes Washer | \$50.00 |
| | | ENERGY STAR Dryer | \$50.00 |
| | | ENERGY STAR Heat Pump Clothes Dryer (greater than or equal to 3.40 UCEF) | \$100.00 |
| | | Refrigerator or Freezer Decommissioning for units manufactured in 1992 or earlier (working condition, greater than or equal to 10 cubic feet.) | Free pick-up and recycling for eligible customers. Plus up to \$50.00 to eligible customers. |
| Assessment | | Home Energy Assessment | Various direct installs and a personalized report. No cost to eligible customers. |
| | | Smart Thermostat | Optional; customer copay. |
| Controls | | Smart Thermostat | \$150.00 |
| HVAC | Heat Pumps | Ductless Heat Pumps using inverter technology (Site Built Homes) | \$800.00 |
| | | Ductless Heat Pumps (Manufactured Homes) | \$1,600.00 |
| | | Forced-air furnace to Heat Pump Conversion (Site Built Homes) 8.5 HSPF, 16 SEER | \$1,500.00 |
| | | Forced-air furnace to Heat Pump Conversion (Manufactured Homes) 8.0 HSPF, 14 SEER | \$1,600.00 |
| | | Midstream Heat Pump | TBD |
| Lighting | | CFL bulb recycling | Free to customers at select community locations |
| | | ENERGY STAR® Criteria TLED Fixture | \$10.00 |
| | | TLED retrofit and MR-16 LED bulbs | \$2.50 |
| | | LED string Lights | \$10.00 |
| Reporting | | Home Energy Reports | Direct mail to program participants. No cost to customers. |

Single Family Existing electric measures, continued

| Category | Measure | Maximum Incentive Amount Each |
|-----------------------|--|--|
| Water Heating | 2.0 gallon per minute or less showerhead and ShowerStart Adaptor | \$30.00 |
| | 2.0 gallon per minute or less showerhead | Leave behind/Mail-by-Request/Direct install/Engagement. No cost to eligible customers. |
| | Faucet Aerator 1.5 gallon per minute or less | Leave behind/Mail-by-Request/Direct install/Engagement. No cost to eligible customers. |
| | Faucet Aerator 1.5 gallon per minute or less | \$2.00 |
| | NEEA Northern Climate Specs Heat Pump Water Heater – Tier 3 or equal to .95 EF | \$500.00 |
| Weatherization | Attic Insulation (R-0 to R-49) | Up to \$600.00 per dwelling unit |
| | Attic Insulation (R-11 to R-49) | Up to \$600.00 per dwelling unit |
| | Floor Insulation (R-0 to R-30) | Up to \$200.00 per dwelling unit |
| | Wall Insulation (R-0 to R-13) | Up to \$400.00 per dwelling unit |
| | Whole House Air Sealing | Up to \$350.00 per dwelling unit |
| | Prescriptive Air Sealing – attic and crawl space | Up to \$200.00 per dwelling unit |
| | Prescriptive Duct Sealing and Insulation | Up to \$400.00 per dwelling unit |
| | Prescriptive Duct Sealing Only | Up to \$300.00/dwelling unit |
| | Energy Star Whole House Ventilation | Up to \$150.00 per unit |
| | Floor Insulation R-0 to R-22, Manufactured Home | Up to \$1,200.00/dwelling unit |
| | Prescriptive Duct Sealing, Manufactured Home | Up to \$450.00/dwelling unit |
| | Attic Insulation (R-0 to R-30), Manufactured Homes | Up to \$1,200.00/dwelling unit |

Exhibit 3: Program Details

Single Family Existing electric measures, continued

| Category | Measure | Maximum Incentive Amount Each |
|----------|---|---|
| Windows | Upgrade single-pane wood or metal frame windows to a 0.30 U-factor or better. | \$50.00 per window, up to \$750.00 per structure |
| | Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | \$200.00 per window, up to \$2,000.00 per structure |
| | Upgrade double-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | \$200.00 per window, up to \$2,000.00 per structure |

- Some structural, HVAC and water heat measures require qualified contractor installation in order to be eligible for the indicated incentive.

b. Single Family Existing Natural Gas Service

PSE regularly offers some measures on a pilot basis. In these cases, the measure is color-coded separately from standard offerings in the applicable program's measure tables. PSE pursues pilot measures in order to test market acceptance and confirm savings potential.

PSE may offer or withdraw these measures at its discretion.

| Category | Measure | Maximum Incentive Amount Each |
|------------|--|---|
| Assessment | Home Energy Assessment | Various direct installs and a personalized report. No cost to eligible customers. |
| | Smart Thermostat | Optional; customer copay. |
| Controls | Smart Thermostat | \$150.00 |
| Heating | Energy Star® qualified Gas Furnace, 95% AFUE | \$350.00 |
| | Energy Star qualified Boilers (greater than or equal to 95% AFUE) | \$350.00 |
| | Integrated Space/Water Heating Systems with Energy Star Tankless or Energy Star Boiler | \$800.00 |

Single Family Existing natural gas measures, continued

| Category | Measure | Maximum Incentive Amount Each |
|-----------------------|---|--|
| Reporting | Home Energy Reports | Direct mail to program participants. No cost to customers. |
| Water Heating | 2.0 gallon per minute or less showerhead and ShowerStart Adaptor | \$30.00 |
| | 2.0 gallon per minute or less showerhead | Leave behind/Mail-by-request/Direct install/Engagement No cost to eligible customers. |
| | Faucet Aerator 1.5 gallon per minute or less | \$2.00 |
| | Faucet Aerator 1.5 gallon per minute or less | Leave behind/Mail-by-request/Direct install/Engagement No cost to eligible customers. |
| Water Heating | ENERGY STAR Tank Water Heater | \$50.00 |
| | ENERGY STAR Tankless Water Heater | \$250.00 |
| Weatherization | Whole-House Air Sealing | Up to \$350.00/dwelling unit |
| | Prescriptive Duct Sealing and Insulation | Up to \$400.00/dwelling unit |
| | Prescriptive Duct Sealing Only | Up to \$300.00/dwelling unit |
| | Prescriptive air sealing – attic and crawl space | Up to \$200.00/dwelling unit |
| | Attic Insulation (R-0 to R-49) | Up to \$600.00/dwelling unit |
| | Attic Insulation (R-11 to R-49) | Up to \$600.00/dwelling unit |
| | Floor Insulation (R-0 to R-30) | Up to \$200.00/dwelling unit |
| | Wall Insulation (R-0 to R-13) | Up to \$400.00/dwelling unit |
| | Floor Insulation R-0 to R-22, Manufactured Home | Up to \$1,200.00/dwelling unit |
| | Attic Insulation (R-0 to R-30), Manufactured Home | Up to \$1,200.00/dwelling unit |
| | Prescriptive Duct Sealing, Manufactured Home | Up to \$450.00/dwelling unit |
| Windows | Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better. | \$50.00 per window, up to \$750.00 per structure |
| | Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | \$200.00 per window, up to \$2,000.00 per structure |
| | Upgrade double-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | \$200.00 per window, up to \$2,000.00 per structure |

6. Target Market

The target market for these programs includes, but is not limited to single family property owners or tenants, service contractors, retail partners, efficiency equipment suppliers, distributors and manufacturers.

7. Marketing and Outreach Plan

PSE anticipates offering instant discounts and rebates on energy-efficient lighting, appliances, smart thermostats, heat pump water heaters, and water-saving products to residential customers via in-store and online retailers.

By partnering with national/regional/local retailers and manufacturers, PSE can offer its residential customers an array of discounted energy-efficient product and appliance options as well as limited-time promotions to deliver solutions to help lower their energy use and save money on their bill.

The Single Family Existing suite of programs delivers prescriptive rebates on home heating, water heating, weatherization and home energy assessments to residential customers through its network of trade ally partners. By partnering with local contractors, distributors and third party providers, PSE can offer its residential customers a trusted and reliable network of trained professionals who can install energy-efficient equipment and products and streamline the rebate delivery process.

PSE leverages the value trade allies provide to its customers while also providing value to trade allies in the form of referrals, marketing materials, limited-time offers, and the opportunity for trade allies to provide input on program design and delivery strategies.

The goal for the Single Family Existing marketing and Outreach Plan is to reach a wide and diverse segmentation of customers, both existing and new, through unique and innovative advertising, retail, customer engagement and community outreach campaigns that build awareness of and drive participation in PSE's energy efficiency programs. The SFE team will strive to anticipate customers' needs and deliver to them the right energy efficiency solutions at the right time that help them use less energy and save more money.

This will be achieved through the following more specific objectives:

- **Customer awareness:** Continually and regularly notify and alert customers via multiple channels that PSE has energy efficiency programs and rebates that can save them money.
- **Market intelligence:** Refine existing propensity models and utilize new customer segmentation technology and tools to deliver targeted marketing messages and offers.
- **Strategic partnerships:** Collaborate with retailers, manufacturers, contractors, distributors, and regional utilities to increase awareness of program offers and driving savings.
- **Savings:** Send motivated consumers to in-store or online retailers for product purchase, including instant discounts and limited time offers.
- **Contractor referrals:** Provide customers referrals to trusted, reliable and safe contractors to help them choose the right energy-efficient equipment and drive participation in rebates.
- **Self-service tools:** Design campaign and promotions utilizing online, self-service tools that eliminate barriers to participation and streamline the rebates process.
- **Customer satisfaction:** Improve PSE's relationships with customers by offering first-rate offers and products, access to PSE's contractor network, and providing stellar service.
- **Education:** Help customers understand how PSE's myriad energy efficiency options can not only save them money, but also increase the comfort and improve the value of their homes.

The Single Family Existing team will endeavor to accomplish their goals by focusing on the following strategies and tactics:

a. Advertising

- Leverage brand awareness through creative advertising campaigns to promote energy efficiency programs and offers.
- Comprised of digital web banners and keyword search, programmatic advertising will be targeted to qualified customers who are in the market for energy-efficient lighting, appliances, showerheads, smart thermostats, home energy assessments and energy-efficient home heating, water heating, weatherization and other equipment.

Exhibit 3: Program Details

- Individual program advertising campaigns to be planned and implemented according to relevant seasonality and feature category, contextual and audience/behavior targeting to optimize messaging and reach the right customers at the right time.
- Advertising campaigns will be delivered through a variety of different channels, including but not limited to: digital display, digital video, TV, radio, keyword search, paid social, out-of-home, and transit.

b. Cross-program campaigns

- Collaboration with other relevant programs with a shared audience and similar goals on an integrated residential customer engagement campaign approach will be integral to increasing customer awareness and driving overall residential energy efficiency savings.
- A multi-program integrated approach gives customers a comprehensive look at the full range of energy efficiency offerings.
- Cross-program campaigns will be delivered through a variety of channels and tactics, including but not limited to: email, direct mail, social media, events, community outreach.

c. Retail-focused campaigns

- PSE will partner with retailers and manufacturers to further promote PSE's goal of reaching and engaging with more of its customers.
- Retail campaigns and promotions put PSE's messaging in front of customers at the point-of-purchase via custom packaging/labeling and in-store signage.
- Engaging with customers in-store through high-impact events will allow PSE to further educate customers and retail store associates on the benefits of energy efficiency and increase attribution to PSE.

d. Contractor-driven campaigns

- PSE will partner with contractors, distributors and manufacturers to promote special and limited-time offers to drive participation in programs and rebates.
- Integrate trade allies into customer engagement campaigns to provide opportunity to increase contractor referrals and educate customers on the benefits of energy efficiency.
- Leverage contractor partners' customer base to co-promote programs and rebates.

e. Ongoing promotions

- Refine point-of-purchase materials/custom packaging, both online and in-store, to drive sales and increase attribution.
- Develop new and unique limited time offers to attract new and encourage repeat customers.
- Leverage PSE-owned channels to regularly stimulate Single Family Existing promotions and limited time offers.
- Drive customers via seasonal/usage notifications, email and advertising to access the online Energy Center for personalized tips and tools to use less energy and save more money.
- Conduct more active follow up to customers who receive referrals to contractor-enabled programs.

f. Community outreach campaigns

- Deliver community engagement and promotion of specific programs and campaigns targeted to high-priority communities identified through market intelligence and research.
- Integrate and utilize PSE's service provider at outreach tabling events across the service territory.
- Coordinate with local stakeholders to develop strategies to maximize local impacts.

8. Program-Specific Marketing and Outreach Initiatives

The following discussions provide outlines of initiatives that PSE will undertake on a program-specific basis. These initiatives are in concert with, or addition to, those broad marketing and outreach tactics outlined in the previous discussions.

a. Retail Lighting

- Clear point-of-purchase materials/custom packaging (online and in store) that drive customers to purchase discounted LED bulbs and fixtures.
- Increase awareness of the variety and quality of LED products and technology on the market.
- Include specific messaging in outreach presentations (city councils, chambers of commerce, homeowners associations, home shows, etc.) about the dynamic changes in the LED bulb market and how PSE has helped make this technology more widely available.

Exhibit 3: Program Details

- Continue to educate customers both directly and through retail sales associates engaging them within the stores on the best energy efficiency lighting products on the market.
- In collaboration with retailers and manufacturers, provide limited-time offers to leverage rebate and product pricing structure that would be more likely to get customers to buy.
- Effective February 1, 2020 the retail lighting program website will need to remove references to the measures that are ending (A-Lamp LED, Candelabra LED, Globe LED, Reflector LED, Indoor LED Fixtures, Outdoor LED Fixtures, and LED Retrofit Kits). This will include updating the store list.

b. Space and Water Heating

By partnering with local contractors, distributors and third party providers, PSE can offer its residential customers a trusted and reliable network of trained professionals able to install energy-efficient equipment and products and streamline the rebate delivery process. PSE leverages the value trade allies provide to its customers while also providing value to trade allies in the form of referrals, marketing materials, limited-time offers, and the opportunity for trade allies to provide input on program design and delivery strategies.

In the coming biennium, PSE will focus on the following initiatives:

- In collaboration with manufacturers, distributors and contractors, provide special discounts and limited time offers to leverage rebate and product pricing structure that would be more likely to get customers to buy.
- Develop down-cycle marketing strategies to encourage even participation rates throughout the year.
- Develop marketing and outreach strategies to bring natural gas storage and tankless water heater measures to market.
- Cross-promote product and rebate offerings and develop integrated multi-channel marketing and outreach campaigns.
- Partner with Leasing Services to support phase out of existing water heater equipment, replacing with more efficient options.

PSE's web and digital efforts:

- Leverage brand awareness advertising campaign creative to promote energy efficiency programs and offers.
- Comprised of digital web banners and keyword search, programmatic advertising will be targeted to qualified customers who are in the market for energy-efficient home heating, water heating, weatherization and other equipment.
- Individual program advertising campaigns to be planned and implemented according to relevant seasonality and feature category, contextual and audience/behavior targeting to optimize messaging and reach the right customers at the right time.
- Advertising campaigns will be delivered through a variety of different channels, including but not limited to: digital display, digital video, TV, radio, keyword search, paid social, out-of-home, transit.

c. Weatherization

The program is marketed in a variety of ways, including PSE awareness emails and contractor-led marketing. Based on 2019 testing of an incentive to encourage customers to perform multiple weatherization measures at one time, program staff is exploring its incorporation into 2020-2021 program offerings. This concept potentially has multiple benefits, including higher energy savings, lower overall costs for the customer, and less customer disruption. Marketing for this program will include:

- In collaboration with manufacturers, distributors and contractors, provide special discounts and limited time offers to leverage rebate and product pricing structure that would be more likely to get customers to buy.
- Develop down-cycle marketing strategies to encourage even participation rates throughout the year.
- Develop marketing and outreach strategies to bring natural gas storage and tankless water heater measures to market.
- Cross-promote product and rebate offerings and develop integrated multi-channel marketing and outreach campaigns.

Exhibit 3: Program Details

PSE's web and digital efforts:

- In digital advertising, leverage energy-efficiency awareness to promote programs and offers.
- Be comprised of digital web banners and keyword search, programmatic advertising will be targeted to qualified customers who are in the market for energy-efficient home heating, water heating, weatherization and other equipment.
- Design individual program advertising campaigns to be planned and implemented according to relevant seasonality and feature category, contextual and audience/behavior targeting to optimize messaging and reach the right customers at the right time.
- Advertising campaigns will be delivered through a variety of different channels, including but not limited to: digital display, digital video, TV, radio, keyword search, paid social, out-of-home, transit.

d. Appliances & Consumer Electronics

The goal for the Home Appliance program is to reach a wide and diverse group of customers, both existing and new, through unique and innovative advertising, retail, customer engagement and community outreach campaigns that build awareness of and drive participation in PSE's energy efficiency programs.

PSE marketing will leverage targeted email sends based on propensity scores and utilize new customer segmentation technology to create effect campaigns that raise customer awareness and drive results. Digital web banners, social media posts and keyword search will also be used to target qualified customers who are in the market for energy-efficient appliances.

The Home Appliance program also has a dedicated page on the PSE Web. The page includes program offerings, participation requirements, links to qualified product lists, a PDF mail-in application, and link to the third party rebate processor online rebate portal. All materials for rebate processing must be approved by PSE Brand, Marketing and Digital Experience departments prior to being made available to customers for use.

Additionally, PSE will:

- Conduct a regionally-oriented outreach program, which targets several specific geographic areas through the biennium – concentrating the message and solidifying PSE involvement in local communities.

- Increase awareness of rebate offerings and appliance product options, especially appliances featuring new technology.
- Utilize PSE marketing collateral in prominent public areas and at local community events, driving awareness and program results.
- Marketing activities that center around PSE rebates on the most efficient appliances on the market, which may include limited-time offers.
- Promote partnerships and limited-time offers with appliance manufacturers and retailers.
- Utilize community partner social media networks, paper and emailed newsletters, and other citizen-focused communications to inform customers about appliance and consumer electronics special offers.

e. *Smart Thermostats*

The goal for the Smart Thermostat program is to reach a wide and diverse segmentation of customers, both existing and new, through unique and innovative advertising, retail, customer engagement and community outreach campaigns that build awareness of and drive participation in PSE's energy efficiency programs.

PSE's Marketing department will leverage targeted email sends based on propensity scores and utilize new customer segmentation technology to create effect campaigns that raise customer awareness and drive results. Digital web banners, social media posts and keyword search will also be used to target qualified customers who are in the market for energy-efficient appliances.

The Smart Thermostat program also has a dedicated page on the PSE Web. The page includes program offerings, participation requirements, links to qualified product lists, and link to the third party rebate processor online rebate portal. All materials for rebate processing must be approved by PSE Brand, Marketing and Digital Experience departments prior to being made available to customers for use. Additionally, Marketing and Outreach strategies will include, but not be limited to:

- Increase consumer adoption of smart thermostat and connected home technology to manage home heating energy use.
- Partner with retailers and manufacturers to offer special and limited-time offers on smart thermostats.

Exhibit 3: Program Details

- Developing clear point-of-purchase materials/custom packaging (online and in store) that drive customers to purchase smart thermostats.
- Integrate promotion of smart thermostats with home heating equipment rebates.

f. Showerheads and Aerators

PSE marketing will leverage targeted email sends based on propensity scores and utilize new customer segmentation technology to create effect campaigns that raise customer awareness and drive results. Digital web banners, social media posts and keyword search will also be used to target qualified customers who are in the market for energy-efficient appliances.

The Showerhead program also has a dedicated page on the PSE Web. The page includes program offerings, participation requirements, links to qualified product lists, and a list of participating retailers. All materials for rebate processing must be approved by PSE Brand, Marketing and Digital Experience departments prior to being made available to customers for use.

- Communicate a variety of purchasing options to customers and streamline the process with clear point-of-purchase signage.
- Work in partnership with city utility districts to offer low-cost/no-cost high-efficiency showerheads through their utility billing process, creating claimable residential natural gas savings.
- Partner with retailers and manufacturers to provide the best customer value such as, limited-time offers and merchandising activities.
- Drive awareness of quality shower experience associated with showerheads which can be barrier to adoption for some.

g. Trade Ally Network (TAN)

- Support a data-driven performance framework to manage trade allies operating in PSE energy efficiency programs.
- Drive customer referrals for select TAN related products.
- Develop updated suite of marketing collateral and training opportunities for contractors to drive awareness of PSE's energy efficiency rebates and offers.
- Create targeted and innovative advertising campaigns to promote TAN as a trusted resource of pre-screened, independent trade allies committed to helping customers make safe, dependable and efficient energy choices.

C. Single Family New Construction

Schedule E/G 215

The SFNC program works with builders to influence higher-than-code energy efficiency standards throughout the PSE electric and natural gas service territory.

1. Purpose

The Single Family New Construction (SFNC) program works with builders to influence higher-than-code energy efficiency standards throughout the PSE electric and natural gas service territory.

PSE's SFNC program increases the installation of energy-efficient measures into new electric and natural gas SFNC homes constructed in the PSE service territory. High efficiency measures ideally need to be specified and installed during design and construction; otherwise, it may be a long time before energy efficient changes to the buildings will take place. As a result, it becomes a lost opportunity and single family residences may potentially be limited to reduced efficiency and higher energy use for decades.

The SFNC program targets structures with three or fewer residential units per building, per Washington State Energy Code (WSEC) 2015 Edition (effective July 1, 2016). Energy conservation measures include, but are not limited to, energy efficient upgrades to building shell, appliances, lighting, HVAC and water heating systems.

Eligible customers include owners, developers, or agents acting on behalf of responsible parties of service receiving electricity or natural gas through PSE. This program provides financial incentives to the above audience for both natural gas and electric residential meters. The savings are calculated using REM/Rate modeling software adjusted to the Pacific Northwest Standard modeling protocols.

All single family new construction buildings that are in a stage of construction which are not yet completed or ready for occupancy will be served by residential or commercial incentives. Incentives also apply to new additions to structures and complexes along with renovations that change the occupancy use to residential use. Relevant measures will apply only to the newly constructed and/or substantially renovated portion of the structure.

Exhibit 3: Program Details

Structures include all Group R Occupancy and other occupancies as outlined in the International Energy Conservation Code of the State of Washington, also known as the WSEC. These include, but are not limited to: single-family, and duplexes.

2. Description

Based on the measure/product type and market factors, PSE may provide incentives to its customers at different points along the value chain. Market barriers vary dramatically from measure to measure and incentive amounts are based on regionally accepted energy savings estimates and incremental efficiency measure costs. Incentives may be subject to change in response to revisions in savings estimates, average incremental costs or changes in State codes.

3. Delivery Method

The Single Family New Construction program effects conservation measures through the installation into eligible single family new construction structures by home builders.

4. Implementation Management

The Single Family New Construction program manages all conservation measure installations via in-house, PSE program staff. NEEA provides QC support and management of the AXIS database and REM/Rate models.

5. The Customer Experience

Qualifying customers include, but are not limited to, single-family new construction builders, property owners, contractors, efficiency equipment suppliers, distributors and manufacturers. Structures must be newly constructed single-family homes prior to occupancy. Single family buildings are classified as containing three attached dwelling units or less.

NEEA has developed a percentage-above-code calculator tool to help raters and builders understand the impacts of their building design on an individual home. This helps to provide builders with the options and information they need to determine the costs and benefits of their design beyond the energy code.

PSE, in alignment with NEEA's New Homes Performance Path, MBA's Built Green programs, and other regional utilities, developed a comprehensive marketing awareness strategy to support current and future homebuilders that construct energy efficient homes.

PSE's awareness in the community will be communicated through home raters,⁵ in-unit program collateral, and PSE outreach efforts designed to inform the residents and prospective buyers of the program benefits.

6. Customer Incentives Overview

Program incentives will be prescriptive, based on meeting a minimum 20 percent above code threshold. Savings will be based on RTF-Approved Standard Modeling Protocol Guidelines for New, Single-Family Construction. BPA requirements also integrate the NW Modeling Requirements v. 17.0 and RTF Unit Energy Savings (UES) Measures through the AXIS Database. When state energy codes are updated, base case homes for each state will be updated, which may result in a reduction in potential energy savings and payment.

Select stand-alone measures consistent with Single Family Existing may also be considered for inclusion. This will help provide builders with options and help streamline the participation process. Builders must demonstrate that any qualifying measures were not be used as credits to meet the code minimum.

The Single-Family New Construction Performance Path utilizes REM/ Rate, RTF UES Measures, and the NEEA-maintained AXIS database to compare the modeled energy consumption of a new home to the modeled energy consumption of a typical, code-built home. This allows a customer to request a payment based on the energy savings of the new home, compared to the code home. Calculations are performed by the AXIS database, which provides a report with required documentation to customers.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity.

The incentives are effective January 1, 2020. PSE may, at its sole discretion, adjust rebates based on market variables.

⁵ "Certified HERS Raters". HERS = Home Energy Rating System; a nationally recognized system for inspecting and calculating a home's energy performance.

Exhibit 3: Program Details

Incentive amounts and savings values are regularly reviewed by PSE and are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Rebates may be subject to change in response to revisions in savings estimates, average incremental cost or changes in Federal appliance efficiency standards or State codes.

Incentive schedules are identified by heat source. Incentives may be paid upon completion of work and submittal of required program documentation. Field inspections and audits may be conducted at random to ensure quality installations and verify completion of work.

7. Incentives

a. Single Family New Construction Electric Service

| Category | Measure | Maximum Incentive Amount Each |
|--------------------------------|---|-------------------------------|
| Single Family New Construction | 20% above WSEC (4-Star BuiltGreen or equivalent) PSE Electric Space & Water Heat | \$1,500.00 |
| | 30% above WSEC (5-Star BuiltGreen or equivalent) PSE Electric Space & Water Heat | \$2,000.00 |
| | 20% above WSEC (4-Star BuiltGreen or equivalent) PSE Gas Space and Water Heat; PSE Electric | \$1,500.00 |
| | 30% above WSEC (5-Star BuiltGreen or equivalent) PSE Gas Space and Water Heat; PSE Electric | \$2,000.00 |

b. Single Family New Construction Natural Gas Service

| Category | Measure | Maximum Incentive Amount Each |
|--------------------------------|---|-------------------------------|
| Single Family New Construction | 20% above WSEC (BuiltGreen 4-Star or equivalent) - PSE Gas Space & Water Heat; PSE Electric | \$1,500.00 |
| | 30% above WSEC (BuiltGreen 5-Star or equivalent) - PSE Gas Space & Water Heat; PSE Electric | \$2,000.00 |

Single Family New Construction, natural gas service, continued

| Category | Measure | Maximum Incentive Amount Each |
|--------------------------------|---|-------------------------------|
| Single Family New Construction | 20% above WSEC (BuiltGreen 4-Star or equivalent) – PSE Gas Space & Water Heat; Other Utility Electric | \$750.00 |
| | 30% above WSEC (BuiltGreen 5-Star or equivalent) – PSE Gas Space & Water Heat; Other Utility Electric | \$1,000.00 |

8. Opportunities for Program Awareness

There are many opportunities to use a diverse mix of integrated marketing, promotion communication strategies and tactics to ensure customer awareness and participation. See the below Marketing & Outreach plan for details.

9. Target Market

The target market includes builders and raters of single family homes. Among the motivations cited by builders for constructing homes that exceed energy codes, some use it as a marketing tactic to differentiate their homes in the marketplace. Others have a strong personal ethic toward energy conservation that drives them to build more energy-efficiently. In some cases the impetus to build a more energy-efficient home comes at the request of the buyer.

Other frequently mentioned motivations include building a better-quality home and buyer comfort, both of which builders stated are important for achieving buyer satisfaction.

10.2020-2021 Single Family New Construction Marketing & Outreach Plan

The Single Family New Construction program uses a diverse mix of integrated marketing, promotion, and communication strategies and tactics to raise customer awareness.

The primary objective is to elevate awareness of energy efficient building practices and standards to building partners and help educate their customers (homebuyers) about the benefits of building and living in an energy efficient home.

Exhibit 3: Program Details

The program also uses a mix of marketing activities to reach the designers, builders, owners, and developers of new single family homes. PSE plans to align with Built Green and other regional green certifications, partner with MBAs and NEEA, and work with raters to increase program participation. The primary high-level strategies used to help penetrate the market include the following:

a. Green Building Cooperatives

The Single Family New Construction program's partnership goal with various green building associations is to increase the number of homes certified through Built Green, LEED, and other green building programs.

Green building cooperatives help PSE to extend visibility using less money – has a broader reach than what could be obtained independently. Partners promote PSE's energy efficiency programs, green building, and building practices that result in energy efficient homes. Key partners include but are not limited to: Master Builder Associations (King, Snohomish, Pierce, Central, Skagit, Island Counties); and Sustainable Connections.

These programs use a bundled approach to release reoccurring messaging and updates to primary and secondary target audiences. They will also develop a strategy based on the developing market conditions and affordable opportunities in appropriate publications.

b. Education, Communication & Awareness

Maintaining consistent program communication, awareness and energy efficiency educational elements are complimentary to the success of achieving savings target goals.

Some key initiatives to elevate education, communication and awareness may include:

- Direct-to-builder brochures.
- Direct mail and advertisements.
- Newsletters.
- Online/website development.

- Consumer education: VOICE articles, model home signage, builder cooperatives.
- Cross program positioning: Community Outreach and Education, REM.
- Other PSE division collaborations: Customer Construction Services and CRMs.

c. Industry Events and Builder Relations

As a lead-generating tool and to increase program awareness with large volumes of industry partners, builders, contractors, suppliers and associated design professionals, the program exhibits at various green building conferences and exhibitions as well as presenting to smaller organizations and workshops.

Primary promotional tactics include:

- Development of displays and signage.
- Design and production of collateral materials.
- Pre-event advertising: publications, e-news, e-vites, web.
- Post event surveys and debriefs.
- Tracking leads generated for ROI.
- Continue to participate in conferences and tradeshow.
- Host or co-host events for customers and contractors with other programs.
- Continue to co-sponsor the MBA at a modest level.

d. Outreach Plan

The Energy Efficient Communities team will work with program team lead in a variety of outreach initiatives in 2020-2021 to support the Single Family New Construction program, and may include:

- Outreach to the development community.
- Promote new construction programs to municipalities.
- Promote energy efficient new construction at industry events.

D. Manufactured Home New Construction

Schedule E/G 215

The Manufactured Home New Construction (MHNC) program engages manufacturers, sales people, and manufactured home buyers to influence increased energy efficiency standards throughout PSE territory.

1. Purpose

The Manufactured Home New Construction (MHNC) electric program provides incentives for cost-effective measures to customers residing in PSE's electric territory. The base case (pre-existing) is a current manufactured home built in the Pacific Northwest, which tends to be slightly better than HUD-code. The base case considers individual components including envelope, HVAC, lighting, appliances and water heating.

The Pacific Northwest is well known for its Northwest Energy Efficient Manufactured (NEEM) program. This program provided compelling reasons why the US DOE needed to update to a new minimum standard for manufactured homes. The new "HUD Code" was meant to increase efficiency levels in future manufactured homes to just below the current NEEM standard (aka "Energy Star®"). The new HUD code was originally planned to go into effect in 2018, but due to the current Federal administration agenda, NEEA does not expect it to be adopted in the next four years. In the meantime, PSE is working with BPA and other utilities to identify a market transformation plan that will establish an updated "Energy Star w/ NEEM+ (NEEM 2.0)" specification with even greater efficiency standards that can be supported through local utility programs once the code change occurs. Currently, BPA and other utilities support and incentivize the Energy Star (NEEM 1.1) standard.

2. Description

Based on the measure/product type and market factors, PSE may provide incentives to its customers at different points along the value chain. Market barriers vary dramatically from measure to measure and incentive amounts are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Incentives may be subject to change in response to revisions in savings estimates, average incremental cost or changes in State codes.

3. Delivery Method

The Manufactured Home New Construction program effects conservation measures through manufacturers building qualified homes that retailers then sell to residential PSE electric customers.

4. Implementation Management

The Manufactured Home New Construction program manages all conservation measure installations via in-house, rebate processors. PSE and its field services team, when appropriate, will engage with retailers to provide education around energy efficiency in Manufactured Homes and assistance with strategies to assist customers to make energy efficient decisions.

5. The Customer Experience

Qualifying customers include, but are not limited to, manufactured home owners, single-retailers, efficiency equipment suppliers, distributors and manufacturers. Structures must be newly constructed, single-family manufactured homes prior to occupancy.

PSE, in alignment with NEEA, NEEM, and other regional utilities, is developing a comprehensive marketing awareness strategy to support current and future manufacturers that construct energy-efficient manufactured homes and manufactured homebuyers. PSE will work to influence the market with manufacturers, sales people, and manufactured homebuyers to build and sell more efficient manufactured homes. PSE awareness in the community will be communicated through in-unit program collateral designed to inform the residents of the program benefits.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity. The incentives are effective January 1, 2020. PSE may, at its sole discretion, adjust rebates based on market variables.

Incentive amounts and savings values are regularly reviewed by PSE and are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Rebates may be subject to change in response to revisions in savings estimates, average incremental cost or changes in Federal appliance efficiency standards or State codes.

Exhibit 3: Program Details

Incentive schedules are identified by heat source. Incentives may be paid upon completion of work and submittal of required program documentation. Field inspections and audits may be conducted at random to ensure quality installations and verify completion of work.

6. Customer Incentives Overview

All incentives are planned to be prescriptive based on RTF-Approved or PSE deemed measures. The base case (pre-existing) is a current manufactured home built in the Pacific Northwest, which tends to be slightly better than HUD-code. The base case considers individual components including envelope, HVAC, lighting, appliances and water heating. Energy savings for a new, ENERGY STAR manufactured home (NEEM 1.1) is based on multiple analyses using the SEEM simulation engine for baseline and efficient cases for a weighted average of five cities (to represent the Northwest).

This is based on a prototype and heating/cooling system type for single-prototype square footage. Output of this analysis is then divided into three heating/cooling zones, based on a weighted average of SEEM run results for the five locales.

The SEEM model also accounts for interaction with the lighting power reduction of this measure. BPA Documentation Requirements consider these factors. More-detailed information is available on the RTF's Unit Energy Savings (UES) Measures webpage.

Manufactured homes must be electrically heated and designed, constructed and certified by NEEM as a new, high-performance manufactured home.

7. Incentives

a. *Manufactured Home Electric Service*

| Category | Measure | Maximum Incentive Amount Each |
|-------------------------------------|----------------------|-------------------------------|
| *Manufactured Home New Construction | ENERGY STAR | \$1,000.00 |
| | ENERGY STAR w/ NEEM+ | \$1,500.00 |

Sales Performance Incentive Funds (SPIFs) may be offered through PSE's Manufactured Home Point of Sale program for Energy Star and Energy Star w/NEEM+ rated manufactured homes \$200 up to \$300 per unit sold.

These sales incentives are given to individual salespeople who sell qualified manufactured homes to customers in PSE's service area and assist the customer with the paperwork process. There may be instances where the company (retailer, reseller, etc.) receives the SPIF. SPIFs are offered to encourage salespeople to offer PSE's rebates at the point of sale

The Manufactured Home New Construction program does not offer natural gas incentives at this time.

8. Opportunities for Program Awareness

The program will use a mix of marketing activities to reach the manufacturers, sales people, and owners of newly constructed manufactured homes. See the below Marketing & Outreach plan for details.

9. Target Market

The target market includes, but is not limited to, manufactured home end users, retailers, efficiency equipment suppliers, distributors and manufacturers.

10.2020-2021 Manufactured Home New Construction Marketing & Outreach Plan

The Manufactured Home New Construction program uses a diverse mix of integrated marketing, promotion, and communication strategies and tactics to raise customer awareness. The primary objective is to elevate awareness of energy efficient manufacturing practices and standards to manufacturing partners and help educate their customers (homebuyers) about the benefits of building and living in and energy efficient manufactured home.

The primary high-level strategies used to help penetrate the market include the following:

a. *Manufacturer Outreach*

The Manufactured Home New Construction program's goal is to increase the number of manufactured homes certified through the Northwest Energy Efficient Manufactured (NEEM) housing program and to promote the benefits of purchasing a certified home. Through manufacturer's and manufactured home salespersons the MHNC program will promote PSE's energy efficiency programs, and green building practices that result in energy efficient manufactured homes. Key partners may include but are not limited to: NEEA, ENERGY STAR, and NEEM.

Exhibit 3: Program Details

b. Education, Communication & Awareness

Maintaining consistent program communication, awareness and energy efficiency educational elements are complimentary to the success of achieving savings target goals.

Some key initiatives to elevate education, communication and awareness may include:

- Manufacturer learning sessions.
- Online/website development.
- Consumer education: model home signage.
- Cross program positioning: Community Outreach and Education, REM.
- Other PSE division collaborations: Customer Construction Services and CRMs.
- Turn-key retailer marketing packets communicating the value of energy efficiency may be provided by NEEA.

c. Outreach Plan

The Energy Efficient Communities team will work with program team lead in a variety of outreach initiatives in 2020-2021 to support the Manufactured Home New Construction program, and may include:

- Promote new construction programs to retailers.
- Promote energy efficient manufactured homes at industry events.

E. Multifamily Retrofit

Schedule E/G 217

1. Purpose

The objective of the Multifamily Retrofit program is to increase the installation of cost effective energy efficient Measures into existing multifamily (MF) buildings with PSE natural gas and/or electric service.

2. Description

The Multifamily Retrofit program is designed to increase the uptake and installation of selected energy efficient Measures in existing multifamily buildings with five or more attached residential dwelling units located in PSE's electric and natural gas service areas. The team works with property owners, managers, trade ally contractors, and tenants to encourage program participation. The program also serves multifamily campuses which have a mixture of building types including buildings with less than five units. Multifamily structures and campuses typically have opportunities for upgrades in the units, common areas, and building envelope.

Measures may include windows, insulation, and air sealing enhancements; appliance, lighting, and HVAC upgrades; O&M improvements; behavioral modification; and calculated commercial upgrades such as central boilers and solar pool heaters. This program targets installation of energy efficient measures occurring during planned retrofit and replace upon failure. PSE will update current measures list and incentives as needed.

The program continually researches and develops new and innovative means to achieve cost effective energy savings. Examples may include behavioral based programs such as smart thermostats and Strategic Energy Management (SEM).

Smart thermostats empower customers with both knowledge and control of their heating costs through a simple user-interface accessed on their smart phone. SEM provides a holistic approach to multifamily property portfolios by engaging managers, maintenance staff, and residents to achieve energy cost savings through behavioral changes, operational improvements, facility maintenance, and attention to utility accounting.

Exhibit 3: Program Details

Through effective customer education and implementation, PSE is continually exploring the impacts of how new technologies and energy management plans can contribute to the quantification of behavioral based energy savings.

3. Delivery Method

The Multifamily Retrofit utilizes a third-party implementer for the direct installation of in-unit measures (LED's, showerheads, aerators). Common area and building envelope measures are contractor driven, but the third-party implementer organizes marketing and outreach activities to achieve PSE savings targets.

4. Implementation Management

Program design, measure metrics analysis, policy, and financial reconciliation are all performed by in-house PSE staff. A third-party implementer coordinates with property owners the direct installation of in-unit measures. The implementation vendor also performs outreach and marketing activities among property owners and trade ally contractors to drive projects for common area and building envelope of qualifying structures. Installation projects are inspected and site verified before incentive applications are authorized by PSE.

5. Customer Eligibility

An owner, developer, contractor, equipment supplier or agent acting on behalf of responsible party of service, or the customer of service of an existing multiple-family structure receiving electricity or natural gas through a PSE residential Schedule 7 (including 17, 27, 37 and 47) and 7A, or commercial Schedules 8, 11, 12, 24 and 25 and/or natural gas service under residential Schedule 23 or commercial Schedule 31 or 41.

Structures include, but are not limited to: apartments, town homes, condominium residences, and similar structures with five or more attached dwelling units. The program also serves multifamily Campuses⁶ which have a mixture of building types including buildings with less than five units. Single Family buildings⁷ within a campus may also be eligible to receive measures listed in the Single Family Existing program, Schedule 214 chapter, beginning on page 27.

⁶ Campuses are defined in Electric and Gas Conservation Schedule 217 in the Availability Section.

⁷ Single Family structures are discussed in the Eligibility section on page 28.

The Multifamily Retrofit program also provides custom measures affecting commercial Schedules, where savings and incentives are calculated by a PSE Energy Management Engineer on a per-structure or per-project basis. Further details of incentive requirements can be found in this publication starting on page 60.

Multifamily measures not listed may be individually considered for incentives, based on overall cost effectiveness and energy efficiency.

Selected PSE-approved contractors or vendors may be eligible for compensation to provide installation of specified measures—as a part of installation of a related measure. (For example, installing one or more Energy Star® LED bulbs during an HVAC installation), as a part of a pilot program, a limited-time offering, or other circumstances determined by PSE.

6. Customer Incentives

Measure incentive eligibility criteria are based on, but not limited to, established industry standard cost effectiveness tests, structure type, fuel type (natural gas or electric), product type, and product quantity.

a. Multifamily Retrofit Electric Service

PSE regularly offers some measures on a pilot basis. In these cases, the measure is color-coded separately from standard offerings in the applicable program's measure tables. PSE pursues pilot measures in order to test market acceptance and confirm savings potential. PSE may offer or withdraw these measures at its discretion.

Exhibit 3: Program Details

PSE may also, from time to time, implement Limited Time Offers (LTOs) to stimulate market activity.

| Category | Measure | Maximum Incentive Amount Each |
|--------------------|--|---|
| Air Sealing | Dense Pack Walls and Rim Joists | \$2.00 per sq. ft. |
| | Attic and/or Crawl Space | \$0.75 per sq. ft. |
| | Door Kits | \$100.00 |
| | Recessed Can Covers | \$40.00 |
| | Energy Star® Bathroom Fans (DC Motor) | \$200.00 |
| | Bathroom Fan Timers | \$50.00 |
| | Energy Star Doors | \$150.00 |
| Appliances | Energy Star® qualified Clothes Washer | \$150.00 |
| | Directly Installed Clothes Washer Replacement (Pre-existing model must be 1997 or earlier) | No charge to eligible customers |
| | Heat Pump Clothes Dryer (Vented or Ventless) | \$100.00 |
| | Energy Star Clothes Dryer | \$50.00 |
| | Refrigerator Decommissioning (working condition, greater than or equal to 10 cubic feet) | Free pick-up and recycling for eligible customers. Plus \$50.00 to eligible customers |
| Common Area | Common Area Lighting | Calculated incentive |
| | Parking Garage CO Sensor | Calculated Incentive |
| | Commercial Clothes Washers | \$200.00 |
| HVAC | Electronic Line Voltage Thermostat | \$35.00 |
| | Smart Thermostat | \$150.00 |
| | Energy Star® Whole House Ventilation | \$50.00 |
| | Energy or Heat Recovery Ventilation (EVR/HVR) | Calculated Incentive |
| | Ductless Heat Pump | \$800.00 |
| | Variable Speed Drive | Calculated Incentive |
| | Line Voltage Smart Thermostat Pilot | No charge to eligible customers |

Multifamily Retrofit electric measures, continued.

| Category | Measure | Maximum Incentive Amount Each |
|-------------------------------|--|---------------------------------|
| Insulation | Attic Insulation R-0 to R-38 | \$0.75 per sq. ft. |
| | Attic Insulation R-11 to R-38 | \$0.75 per sq. ft. |
| | Attic Insulation R-19 to R-38 | \$0.75 per sq. ft. |
| | Floor insulation R-0 to R-30 | \$0.75 per sq. ft. |
| | Floor Insulation R-11 to R-30 | \$0.75 per sq. ft. |
| | Wall insulation R-0 to R-11 | \$0.75 per sq. ft. |
| Lighting | Tenant-controlled Energy Star® or equivalent LED Bulbs (directly installed) | No charge to eligible customers |
| | Tenant controlled fixture replacement (pilot) | Calculated |
| O&M and Behavioral | Comprehensive Building Tune-up | Calculated |
| | Strategic Energy Management | No charge to eligible customers |
| Pool Heat | Solar or Heat Pump Pool Heater upgrade | Calculated incentive |
| Water Heat | Directly Installed 1.5 Gallon Per Minute (GPM) or less shower heads | No charge to eligible customers |
| | Directly Installed 1.5 Gallon Per Minute Thermostatic Flow Restrictor Showerhead | No charge to eligible customers |
| | Directly Installed Thermostatic Flow Restrictor Showerhead Adaptor | No charge to eligible customers |
| | Directly Installed 1.5 Gallon Per Minute or less Faucet Aerators | No charge to eligible customers |
| | Directly Installed Auto-diverting Tubspout Pilot | No charge to eligible customers |
| | Heat Pump Water Heater NEEA-NW Climate Tier 3 Certified Product | \$800.00 |
| | Directly Installed Water Heater Pipe Wrap; R3 value minimum 3 feet. | No charge to eligible customers |
| Windows | Single-Pane Windows to U value 0.30 or less | \$9.00 per sq. ft. |
| | Single-Pane Windows to U value 0.22 or less | \$12.00 per sq. ft. |
| | Double-Pane Windows to U value 0.30 or less | \$7.00 per sq. ft. |
| | Double-Pane Windows to U value 0.22 or less | \$9.00 per sq. ft. |

Exhibit 3: Program Details

Specific requirements for electric incentives

- A signed Multifamily Incentive Application must be authorized by PSE prior to installation of upgrades for projects affecting more than one dwelling unit (unless otherwise approved by PSE),
- Customer must meet all requirements outlined in the most current PSE Multifamily Retrofit Program Guidelines to participate and receive incentives,
- A Multifamily Payment Request must be authorized by PSE in order to execute incentive payment,
- All calculated incentives will be evaluated using currently accepted PSE commercial engineering calculations,
- All installed measures and incentives require installation by a qualified contractor.
- Air sealing measures must be specifically installed by a PSE certified Multifamily air sealing contractor.

b. Multifamily Retrofit Natural Gas Service

PSE regularly offers some measures on a pilot basis. In these cases, the measure is color-coded separately from standard offerings in the applicable program's measure tables. PSE pursues pilot measures in order to test market acceptance and confirm savings potential. PSE may offer or withdraw this measures at its discretion. PSE may also, from time to time, implement Limited Time Offers (LTOs) to stimulate market activity.

| Category | Measure | Maximum Incentive Amount Each |
|--------------------------|--|-------------------------------|
| Appliances | Commercial Clothes Washer | \$150.00 |
| Building Envelope | Attic Insulation R-0 to R-38 | \$0.75 per sq. ft. |
| | Attic Insulation R-11 to R-38 | \$0.75 per sq. ft. |
| | Wall Insulation R-0 to R-11 | \$0.75 per sq. ft. |
| | Floor Insulation R-0 to R-30 | \$0.75 per sq. ft. |
| | Single-pane Windows to U-value 0.30 or lower | \$7.00 per sq. ft. |
| | Single-pane Windows to U-value 0.22 or lower | \$9.00 per sq. ft. |

Multifamily Retrofit natural gas measures, continued

| Category | Measure | Maximum Incentive Amount Each |
|-------------------------------|--|----------------------------------|
| HVAC | Smart Thermostat | \$150.00 |
| | Replace Existing Space Heat Boiler | Calculated incentive |
| | Replace Existing Domestic Water Boiler | Calculated incentive |
| | Integrated Space/Water Heating Systems with Energy Star® Tankless or Energy Star® Boiler (In-Unit) | \$800.00 |
| | Energy Star® qualified Boilers (In-Unit) | \$350.00 |
| | Energy Star® qualified Gas Furnace, 95% AFUE (In-Unit) | \$250.00 |
| | Variable Speed Drive | Calculated incentive |
| O&M and Behavioral | Comprehensive Building Tune-up | Calculated incentive |
| | Strategic Energy Management | No charge to eligible customers |
| Pool Heaters | Solar Pool Heater | Calculated incentive |
| | Pool Boiler | Calculated incentive |
| Water Heat | Directly Installed 1.5 Gallon Per Minute or less Shower Heads | No charge to eligible customers. |
| | Directly Installed 1.5 Gallon Per Minute or less Shower Head with Integrated Thermostatic Restrictor Valve | No charge to eligible customers. |
| | Directly Installed Thermostatic Restrictor Shower Head Adaptor | No charge to eligible customers. |
| | Directly Installed 1.5 Gallon Per Minute or less Faucet Aerators | No charge to eligible customers. |
| | .90 EF Tankless Water Heater | \$250.00 |
| | .67 EF Tank Water Heater | \$50.00 |
| | Directly Installed Auto-diverting Tubspout Pilot | No charge to eligible customers |

Specific requirements for natural gas incentives

- A signed Multifamily Incentive Application must be authorized by PSE prior to installation of upgrades for projects affecting more than one dwelling unit (unless otherwise approved by PSE),
- Customer must meet all requirements outlined in the most current PSE Multifamily Retrofit Program Guidelines to participate and receive incentives,
- A Multifamily Payment Request must be authorized by PSE in order to execute incentive payment,
- All calculated incentives will be evaluated using currently accepted PSE commercial engineering calculations,
- All installed measures and incentives require installation by a qualified contractor.

7. Target Market

The target market includes multifamily property owners, managers, maintenance staff, equipment suppliers, and contractors.

8. Marketing and Outreach Plan

PSE's marketing and outreach team works in tandem with the program's business development team to promote, expand, and build prospects network in a changing market. Outreach efforts will aim to increase program participation with multifamily property owners and property managers, leverage relationships with trade ally contractors, and implement behavioral campaigns at the tenant level.

In 2020-2021 the program will continue to discover and pilot outreach and marketing for properties with a focus on those who serve low-income and vulnerable communities. The program aims to pilot in-language collateral, outreach and education about the benefits of energy efficiency and changing customer behavior.

PSE will use segmentation studies and market research to increase program participation and will target properties to take additional energy efficiency actions and upgrades to further their savings and increase the health and marketability of the property.

The Multifamily Retrofit program promotes and produces “Energy Fairs” to large multifamily communities. These events take place in high-traffic common areas of apartment and condominium communities during the installation of energy efficiency products. Energy Fairs provide a venue for valuable customer interaction and education opportunities on the benefits of energy efficiency and cross-promotion of other PSE products and services.

The primary promotional strategies include but are not limited to the following initiatives.

a. Industry Events and Membership Collaborations

Industry events are a strong lead generating tool for the program – it is one of the best ways to develop relationships with contractors and property owners.

The program partners with several multifamily associations managing these types of events. The program leverages outreach through various association memberships such as the Washington Multifamily Housing Association (WMFHA) and the Rental Housing Association (RHA). These partnerships broaden the program reach to provide venues where members can collectively engage.

The program targets several large-scaled exhibitions that are comprised of multifamily property owners, on-site leasing managers, maintenance personnel, contractors, suppliers and associated professionals. In addition to attending conferences, there are several workshops and presentations held throughout the year that provide additional networking opportunities, learning, recognition and motivation with smaller organizations. The promotional tactics used to support this strategy include:

- Booth & tabletop displays
- Booth materials: brochures, drawings, signage
- Program handbooks: company and program profiles, logo usage and applicable advertisements
- Pre-event advertising (publications, e-news, evites, web)
- Presentation leave behinds
- Post event surveys/debriefs
- Tracking leads generated for ROI

In partnership with the Marketing team, the Energy Efficient Communities team will help develop and implement outreach strategies to promote PSE’s residential and commercial energy efficiency programs and services.

Exhibit 3: Program Details

The outreach strategy for the Multifamily Retrofit program will work with both customers and business partners.

The team will provide tenant customers with information about applicable products and services that PSE provides, and help deliver information to property managers/owners and trade allies. This will be done through a variety of outreach mechanisms, including multifamily complex educational events, program awareness campaigns, community events, presentations, and internal PSE employee trainings.

The Energy Efficient Communities team will work with the program team leads and Marketing to identify ways to reach Multifamily Retrofit constituents in conjunction with other mass marketing strategies developed for Retail and Dealer channels.

b. Education, Communication & Awareness

Maintaining consistent program communication, awareness and energy efficiency educational elements are complementary to the success of achieving savings target goals.

Some of the key initiatives to elevate education, communication and awareness may include:

- Energy Fairs for residents and community members.
- Awareness and marketing kit for portfolio managers.
- Availability of energy use monitoring devices.
- Quarterly e-Newsletter to property managers and contractors.
- Energy challenges to bolster tenant engagement and encourage behavioral modification.
- Energy efficiency certification/recognition to promote property management participation in PSE programs.
- Developing new materials to highlight the beneficial components of Strategic Energy Management (SEM).
- Dedicated Energy Advisor and/or community outreach representative to capitalize on Direct Install customer engagement opportunities and to help promote related PSE products & services.

c. Collateral Development

To complement the program's business development outreach efforts, promotional materials are designed and produced to effectively communicate key messages and highlight the benefits of the efficiency measures to target audiences. Persuasive collateral is used during direct customer engagement, site visits and event outreach as well as a cross-selling tool for program contractors.

Educational leave behinds are also designed to help tenants understand the functionality as well as the immediate and long-term benefits of installations. The collateral development strategy may include but is not limited to the following materials:

- Executive summaries
- Direct installation notices in multiple languages
- Case studies.
- Videos
- Cross utility interaction.
- Service area maps
- Third party business cards
- Customer participation surveys

d. Advertising Campaigns and Media Relations

To generate program awareness amongst multifamily customers, various advertising campaigns are launched through multiple means or channels to make customers aware about its presence in the market. The program typically uses a bundled approach to highlight measures and program benefits.

The advertising and media relations tactics used may include:

- Print advertisements in trade publications
- Contractor advertising co-operatives
- Direct Mail and/or e-blasts
- Online/Website Development
- Newsletters
- Internet advertisements
- Social media
- Television
- Radio
- PR / Editorial coverage

Exhibit 3: Program Details

e. Overall Multifamily Retrofit Channel Outreach Strategies Include:

- Identify projects and reach contractors before retrofit process begins.
- Host local “Energy Fairs” to enroll condominium customers to programs and to educate apartment tenants to Energy Efficiency efforts taken on by their property manager and what they can do on their own.
- Deliver energy efficiency presentations to various community audiences.
- Host employee brownbag sessions to build employee awareness of energy efficiency programs and services.
- Identify and recognize business partners for their contributions in serving PSE’s customers.
- Using targeted marketing by measure
- Collaboration on limited time offers with distributors and recommended energy professionals

F. Multifamily New Construction

Schedule E/G 218

The following discussion applies to newly-constructed multifamily structures. Conservation Schedule terms and conditions, as outlined in the above-noted Schedule numbers, govern the applicability, measure types, funding, analyses and general rules and provisions for each structure classification. Where there are specific requirements, service offerings, measures, incentives, marketing, or outreach applicable to the specific structure type, those are so noted in each of the following sections.

1. Purpose

The Multifamily New Construction program acquires cost-effective energy savings from multifamily new construction projects that increase the installation of energy efficient measures into new electric & natural gas heated buildings constructed in the PSE service territory.

In addition to newly constructed multifamily structures covered under terms of Schedule 218 (for both natural gas and electric service), the Multifamily New Construction program may also include single family structures where the single family homes are a part of a campus or larger multifamily project under schedule 215 (for both natural gas and electric service).

Eligible customers for multifamily new construction include owners, developers, or agents acting on behalf of a responsible party of service receiving electricity or natural gas through PSE. This program provides financial incentives to the above audience for both natural gas and electric residential and commercial meters. The incentives offered are both prescriptive and calculated.

In the new construction marketplace, high efficiency measures ideally need to be specified and installed during design and construction. Otherwise, it may be decades before energy efficient changes to the buildings will take place. For measures and incentives that apply to existing multifamily structures please refer to the Multifamily Retrofit Program.

2. Description

Incentives are offered to eligible natural gas and electric PSE new construction developers, contractors, trade allies and customers (cumulatively, the program refers to these as “partners”) who are constructing new multifamily buildings.

Exhibit 3: Program Details

The program also works with these partners to market energy efficient equipment to their customers. Energy Efficiency encourages the purchase and installation of energy efficient products for their construction projects.

For new construction multifamily projects, financial incentives are packaged under one grant and are structured to work in accordance with current Business Energy Management programs. PSE provides a single point of contact to development teams for all energy efficient measures and/or upgrades. This allows PSE to maximize the energy savings opportunity in each development and reduce multi-program confusion for the customer.

Any Customer, owner or tenant with appropriate owner consent, of a new construction commercial, multi-family, or mixed-end-use facility or outdoor lighting which will receive natural gas service from the Company, and/or electric service under a special contract, or Schedules 7, 7A, 8, 24, 25 & 11, 26 & 12, 31, 35, (or their equivalent) of Electric Tariff G or Natural Gas Tariff of the Company through PSE's residential schedule 23 and commercial schedule 31 is eligible for this program.

Structures include but are not limited to single-family dwellings, duplexes, apartments, town homes, condominiums, dormitories, affordable housing, low-income housing, workforce housing, and assisted living residences.

There may be any combination of residential and commercial meter mixes in each type of construction. Once the meter type mix is confirmed with the development team, the appropriate PSE programs are identified to serve that development. Incentives include a variety of end-use classifications, not limited to:

- Lighting: Common area, in unit
- Appliances: Clothes washers, refrigerators, dishwashers, showerheads, aerators
- Ventilation: in-unit whole-home, common area
- HVAC equipment upgrades
- Domestic Hot Water equipment upgrades

For all of the conservation Measures installed, PSE receives measure installation data directly from builders, developers, showrooms and distributors. It is therefore possible to precisely track measure details.

a. Affordable Housing

The Multifamily New Construction program acknowledges there is a critical need in the PSE service territory for affordable housing. King County has documented in their Consolidated Housing and Community Development Plan for 2015-2019 (updated March 22nd, 2017) and King County Consortium 2017 Annual Action Plan, that the availability of affordable housing is scarce for households earning between 40 and 60 percent AMI (area median income), severely insufficient for those below 40 percent AMI, and completely insufficient for below 30 percent AMI.

There is an extensive need for more living units in the affordable and workforce housing market sector. It is likewise important to help provide "hard to reach" customers most in need with high levels of energy efficiency and affordable utility costs. Given the current construction boom in multifamily new construction projects now is a strategic and critical time to maximize investment in communities that PSE serves.

In response to the affordable housing deficiency, PSE offers a higher energy efficiency financial incentive level available to MFNC projects that will provide more than 50 percent of total housing units to those earning 60 percent AMI or lower. The goal is to remain consistent with LIW program and Washington State Housing Finance Commission income eligibility guidelines.

The energy conservation measures offered are intended to be identical to those offered in the standard Multifamily New Construction program and all enhanced measure incentives are cost effective.

3. Delivery Method

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity. The incentives are effective January 1, 2020. Energy Efficiency's List of Measures, Incentives and Eligibility are included in the Biennial Conservation Plan as Exhibit 4. PSE may, at its sole discretion, adjust rebates based on market variables.

Incentive amounts and savings values are regularly reviewed by PSE and are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Incentive and savings determination is based on a whole building approach.

Exhibit 3: Program Details

If a customer can provide an energy model for the proposed building the process follows the BEM Commercial New Construction Whole Building Analysis process. If the customer is unable to provide an energy model, prescriptive savings will be assigned based on the measures included in the building. Incentives may be subject to change in response to revisions in savings estimates, average incremental cost or changes in Federal appliance efficiency standards or State codes.

Incentive schedules are identified by primary heat source. Calculated incentives will be offered based on standard energy efficient calculation practices. Incentives may be paid upon completion of work and submittal of required program documentation.

Field inspections and audits will be conducted to ensure quality installations and verify completion of work.

Qualifying customers receive incentives by submitting a processing application form, project backup documentation such as drawings/cut sheets/energy models, and invoices/receipts at the time of verification. Incentive requests are screened for completeness of customer entries, and where required, for submittal of additional documentation. Incentive processing complies with PSE internal audit standards. For projects that are in a shared utility territory (for example, Seattle City Light provides electric and PSE provides gas), PSE will encourage the customer to participate in the other utility's programs for the appropriate measures.

This prescriptive whole building delivery method and program design aligns with the Energy Trust of Oregon. PSE and Energy Trust of Oregon (ETO) will continue to share information on best practices with regard to this program.

4. Implementation Management

The Multifamily New Construction Program services are implemented through the coordinated efforts of a PSE-contracted third party vendor and PSE staff. The third party implementer conducts program outreach and creates a pipeline of projects to go through the MFNC program. The third party also acts as the customer's PSE point of contact throughout the grant process if they are going through the prescriptive whole building route. This prescriptive route is used when an energy model is not provided by the customer. Prescriptive savings values are used for efficiency measures installed throughout the building. The third party is responsible for documenting the proposed efficiency measures and verifying the installation of each measure. The prescriptive whole building grant process follows the BEM Custom Grant procedure.

A QC package and payment package provided by the third party is reviewed by a PSE EME for each project. The third party activities are managed by Energy Efficiency program staff, who are also responsible for establishing metrics, Key Performance Indicators (KPIs), collecting, archiving, and reporting of savings and expenses, as well as ensuring customer satisfaction.

If the customer is able to provide an energy model, the project follows the BEM Custom Grants Whole Building Energy Model Approach (this includes a model review, EME QC package, EME QC, and EME verification).

5. Customer Incentives

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity. PSE may, at its sole discretion, adjust rebates based on market variables.

PSE regularly reviews incentive amounts and savings values and are based on regionally accepted energy savings estimates and incremental efficiency measure cost. Rebates may be subject to change in response to revisions in savings estimates, average incremental cost or changes in Federal appliance efficiency standards or State codes.

Incentive schedules are identified by heat source. Calculated incentives will be offered based on standard energy efficient calculation practices. Incentives may be paid upon completion of work and submittal of required program documentation.

Customers assume full responsibility for selecting and contracting with third-party service providers. A grant agreement or signed prescriptive measure rebate application will be required. Field inspections and audits may be conducted at random to ensure quality installations and verify completion of work.

a. Type of rebate/incentive

Qualifying customers receive incentives by submitting a processing application form, project backup documentation such as drawings/cut sheets, and invoices/receipts at the time of verification. Incentive requests are screened for completeness of customer entries, and where required for submittal of additional documentation. Incentive processing complies with PSE internal audit standards.

Exhibit 3: Program Details

The Multifamily New Construction program provides incentives based on a whole-building approach. Qualifying projects may be eligible for varying degrees of incentives, based upon analyses of the range of measures installed and commissioned. Component measures are evaluated individually and funding is based upon cost-effectiveness. Under this approach, customers may receive up to 100 percent of the incremental cost over a code-compliant baseline. There is a streamlined process for new construction lighting projects that have allowable lighting power density values listed in the applicable code.

i. Multifamily New Construction electric incentives

All multifamily buildings with four or more attached units.

Affordable multifamily projects with minimum 50 percent of all units available to 60 percent AMI and lower. Maximum incentive amount per square foot is 150 percent of standard market rate.

| Category | Measure | Maximum Incentive Amount Each |
|----------------|---------------------|-------------------------------|
| Whole Building | Electric | \$0.35/kWh |
| | Electric-Affordable | \$0.45/kWh |

ii. Multifamily New Construction natural gas incentives

All multifamily buildings with four or more attached units. Affordable multifamily projects with minimum 50 percent of all units available to 60 percent AMI and lower. Maximum incentive amount per square foot is 150 percent of standard market rate.

| Category | Measure | Maximum Incentive Amount Each |
|----------------|------------------------|-------------------------------|
| Whole Building | Natural Gas | \$5.00/Therm |
| | Natural Gas-Affordable | \$7.50/Therm |

6. Target Market

The target market for this program may include but is not limited to multifamily new construction builders, developers, architects, mechanical and electrical engineers, lighting designers, property owners, contractors, retail partners, housing authorities, efficiency equipment suppliers, distributors and manufacturers.

7. Multifamily New Construction Marketing and Outreach Plan

PSE's Multifamily New Construction Program will remain an incentive for building owners, designers, and developers to include energy efficiency measures that are above and beyond the current building code or industry standard practice.

In order to reach the right audience at early stages, marketing and outreach teams will explore a diverse set of messaging and tactics to reach architects, municipalities, developers and engineers. These methods include, but are not limited to: Lunch and Learns, Early Design Assist (EDA) Meetings, and Big Check Presentations.

Overarching strategies will include, but will not be limited to:

- Identify projects and reach development teams early in design process.
- Drive traffic to new construction homes shows and demos.
- Deliver energy efficiency presentations to various community audiences.
- Host employee brownbag sessions to build employee awareness of energy efficiency programs and services.
- Identify and recognize business partners for their contributions in serving PSE's customers.
- Host Lunch and Learns with local architecture/developers/designers to showcase PSE's efficiency offerings.
- Host Early Design Assist (EDA) meetings with architecture/developers/designers to promote efficient equipment in their projects.
- In conjunction with PSE's Commercial New Construction program, MFNC is piloting an Early Design Assistance (EDA) initiative in which an energy-focused meeting is held with the entirety of the design team early in the design process. The EDA is designed to get all disciplines talking about energy at a point in the design when substantive changes can still be made. For the pilot, projects are evaluated for eligibility on a case-by-case basis, and projects that are in Schematic Design or earlier, and are at least 50,000 sq-ft are eligible for a \$2,500 grant.

The program also uses a mix of marketing activities to reach the designers, builders, owners, and developers of new multi-unit residential structures.

Exhibit 3: Program Details

The primary high-level strategies used to help penetrate the market include the following:

a. Green Building Cooperatives

Green building cooperatives help PSE to extend visibility using less money, and have a broader reach than what could be obtained independently. Partners promote PSE's energy efficiency programs, green building, and building practices that result in energy efficient multifamily homes. Key partners include but are not limited to: Sustainable Connections; AIA Seattle; and Cascadia Green Building Council.

These programs use a bundled approach to release reoccurring messaging and updates to primary and secondary target audiences. They will also develop a strategy based on the developing market conditions and affordable opportunities in appropriate publications.

b. Education, Communication & Awareness

Maintaining consistent program communication, awareness and energy efficiency educational elements are complimentary to the success of achieving savings target goals. Some key initiatives to elevate education, communication and awareness may include:

- Direct-to-builder brochures.
- Direct mail and advertisements.
- Leave-behind collateral for new residents.
- Newsletters.
- Online/website development.
- Consumer education: VOICE articles, model home signage, builder cooperatives.
- Cross program positioning: Community Outreach and Education, REM.
- Other PSE division collaborations: Customer Construction Services and CRMs.

c. Industry Events and Builder Relations

As a lead-generating tool and to increase program awareness with large volumes of industry partners, builders, contractors, suppliers and associated design professionals, the program exhibits at various green building conferences and exhibitions as well as presenting to smaller organizations and workshops.

Primary promotional tactics include:

- Development of displays and signage.
- Design and production of collateral materials.
- Pre-event advertising: publications, e-news, e-vites, web.
- Post event surveys and debriefs.
- Tracking leads generated for ROI.
- Continue to participate in conferences and tradeshow.
- Host or co-host events for customers and contractors with other programs.

G. Residential Pilots

Schedule E/G 249

Pilot programs and demonstration projects may be undertaken to determine whether certain strategies and Measures are cost-effective in the long run. Pilots are employed to test cost-effective ways to demonstrate market opportunities for energy efficiency.

Pilots may include tests of measure cost and performance, customer acceptance and delivery methods. In compliance with WAC 480-109-100(1)(c) and condition (7)(c), PSE will pursue pilots when there is a reasonable expectation of savings achievement in the current or subsequent biennium, and will only claim energy savings that achieve energy savings sufficient to demonstrate cost-effectiveness by passing the Total Resource Cost (TRC) test. The follow are the major residential pilots that PSE will undertake in 2020-2021:

- The Low Income Weatherization program plans to continue initiatives started in 2019, including:
 - The manufactured home replacement program.
 - Ductless heat pump replacements.
 - As stipulated in the 2018 Settlement Stipulation and Agreement in Docket U-180680, the Low Income Weatherization program will continue to facilitate the funding of renewables partnerships.
- Retail Choice Engine – Using a web platform to guide customers to choose energy efficient options when shopping for products.
- Single Family AMI Enhanced Engagement – Using AMI meters in conjunction with equipment that transmits meter data in near real-time to customers via visual interface to encourage behavior change that reduces energy consumption.
- Home Energy Assessment (HEA) Behavioral Savings: In this biennium, the HEA program will be test behavioral savings resulting from the assessment and related communications. Tests may include various educational pieces, different post-assessment follow-up efforts, and coordination with the Home Energy Report program. The program will focus on reaching and serving vulnerable communities and customers. The costs for the program will be split between the Home Energy Assessment Program and the Pilots budget.
- The Residential Sector will create a Moderate-Income program, targeting this hard-to-reach customer segment.



IV. BUSINESS ENERGY MANAGEMENT

Exhibit 3: Program Details

A. Pilots

Schedule E/G 249

Pilot programs and demonstration projects may be undertaken to determine whether certain strategies and Measures are cost-effective in the long run. Pilots are employed to test cost-effective ways to demonstrate market opportunities for energy efficiency.

Pilots may include tests of measure cost and performance, customer acceptance and delivery methods. In compliance with WAC 480-109-100(1)(c) and condition (7)(c), PSE will pursue pilots when there is a reasonable expectation of savings achievement in the current or subsequent biennium, and will only claim energy savings that achieve energy savings sufficient to demonstrate cost-effectiveness by passing the TRC test.

1. Pay for Performance Pilot

Business Energy Management' Pay for Performance pilot program targets the engagement of several customers in 2020-2021 to produce both electric and natural gas savings. The pilot's objective will be the selection of customers with building of at least 50,000 square feet with large savings potentials. Incentives will be designed to be source-blind, and consist of a combination of capital, O&M, and behavior savings. Incentives would be based on conservation savings realized, and are portioned out over the 5-year grant term.

a. Delivery Method

The Pay for Performance pilot program delivers conservation measures through the installation of capital measures, O&M, and behavior savings. The program is expected to be delivered via Energy Service Companies (ESCOs) or similar contractors, but may be performed by customer's staff if the resources and expertise to do so are present.

b. Implementation Management

The Pay for Performance pilot program manages all program tasks via in-house, PSE program staff. In 2020-2021, program staff plan to enhance the awareness and participation in the program through developing new collateral and seeking out speaking engagements with industry groups.

c. Measures

| Category | Measure | Maximum Incentive Amount Each |
|------------------------------|--|--|
| Base Incentive | Years 1-5 of proposed savings measures, as outlined in the grant agreement | \$0.35/kWh or \$5.00/therm |
| Performance Incentive | Years 2-4 of savings beyond the proposed savings amount | \$0.05/kWh or \$0.50/therm for savings above & beyond the base incentive |

2. Small and Medium Business (SMB) AMI Enhanced Engagement

The SMB AMI Enhanced Engagement pilot will explore the potential of using AMI meter data to identify low-cost/no-cost opportunities for Small-to-Medium Business customers. The pilot will be designed to incorporate a follow-up engagement with specific calls to action.

B. Commercial/Industrial Retrofit

Schedules E250, G250

1. Purpose

The purpose of the Commercial and Industrial Retrofit program is to encourage Puget Sound Energy's existing Commercial and Industrial (C/I) customers to use electricity and natural gas efficiently by installing cost-effective energy-efficient equipment, adopting energy-efficient designs, and incorporating energy-efficient operations at their facilities.

2. Description

PSE works with Commercial and Industrial customers to provide incentives for cost-effective energy efficiency upgrades to lighting, equipment, building shell, industrial process, and select O&M improvements. These services are provided on the customer's behalf and, where specified by the customer, will be developed in conjunction with design engineers, contractors, and/or vendors.

PSE conducts site assessments to identify savings opportunities, verify existing equipment and system operations, and makes recommendations to customers. PSE also reviews third-party savings estimates and analyses, and when required performs in-house analyses to validate energy savings. PSE works with financial decision makers at the customer's facility to ensure the customer is aware of cost-savings opportunities, including review of energy saving projections that can help obtain favorable financing rates.

Commercial/industrial retrofit projects commonly include: lighting system upgrades, HVAC equipment upgrades, HVAC controls improvements, commercial refrigeration measures, and industrial process modifications. Additionally, incentives for existing building commissioning (O&M) improvements are provided through the Existing Building Commissioning (EBCx) Program.

Upon the customer's decision to proceed with a project, PSE issues a standardized Conservation Grant Agreement and Grant Attachment that establishes terms and conditions for participation in PSE's Custom Grant Program and also explains how the measure will be verified. After the agreement is signed by both parties, the customer is given notice to proceed with the energy efficiency project.

Following completion of the project, PSE verifies the installation and energy savings via an on-site inspection, review of equipment operation and trend log data where necessary, and collection of project invoicing and specifications of installed equipment.

a. Business Lighting Grants

To simplify the customer experience, PSE offers one Business Lighting grant program. This single program addresses customers' needs by providing custom calculated incentives for lighting and lighting controls measures.

i. Delivery Method

The Business Lighting Grant program effects conservation measures through the direct installation into customers' eligible structure by contractors or their customers who make incentive applications.

ii. Implementation Management

The Business Lighting Grant program manages all conservation measure installations via in-house, PSE program staff.

b. Industrial Energy Management

The Industrial Energy Management program is being formed out of a number of PSE's current program offerings directed at its Industrial sector customers. This will include traditional custom capital projects, Industrial Systems Optimization, Strategic Energy Management, and a new addition, Comprehensive Small Industrial, offering custom grants targeted at small industrial sector customers.

i. Eligibility

Industrial customers receiving commodity electric service and/or commodity natural gas from PSE are eligible for this program. Electrical retail wheeling and gas transport customers are not eligible.

ii. Delivery Method

The Industrial Energy Management program effects conservation measures through incentivizing the installation of efficient equipment, low & no-cost operations and maintenance measures, or customer behavior training via strategic energy management seminars.

iii. Implementation Management

The Industrial Energy Management program manages all conservation measure installations via in-house, PSE program staff with targeted support for certain program tasks provided by third-party contractors. For 2020-2021, this is a significant change, as for the previous biennium, the ISOP program was entirely implemented by a contractor. During 2020-2021, program staff calculated that there was more focus, efficiency gain, and a more immediate pipeline for further industrial conservation projects by bringing the program management in-house and by focusing third-party contractor support on filling specific gaps of engineering expertise or capacity.

3. C/I Retrofit Customer Incentives

Incentives are:

Site-Specific Basis incentives, or “custom” incentives, rely on generally accepted engineering calculations and measure costs provided by the customer or the customer’s contractor. Electric and natural gas measures may receive maximum incentive grants up to 70 percent of the measure cost when the grant incentive does not exceed the cost-effectiveness standard, less program administration costs. Measures where cost exceeds the cost-effectiveness standard will receive grants that are on a declining scale and will be less than 70 percent of the measure cost.

Generally, electric and natural gas measures that have a Simple Payback of less than one year are not eligible for a Site-Specific Basis incentive.

Prescriptive Basis incentives are provided for Commissioning and Optimization of Existing Buildings and for measures that are eligible for rebates under Schedule E/G 262, Commercial and Industrial Incentive Program.

The incentive amount for a measure is the same as that which is available under Schedule E/G 262.

Performance Basis incentives may be provided where energy savings are determined through direct measurement of energy usage and/or the use of efficiency indicators.

Energy-use monitoring: PSE may provide secure web site access to facility energy-use data for building occupants, free of charge for up to two years. More typically, access will be free of charge for one year to allow the occupant to verify building and/or measure performance according to energy-use projections.

To be eligible, customers must be on a rate schedule with demand (kW) as well as energy (kWh) charges. Compatible metering and remote data retrieval capability must be in place at the customer's facility. PSE is not obligated to replace or upgrade nonconforming meters. Customers are expected to use the monitored information to improve energy efficiency at the facility. Customers will demonstrate annual energy savings potential through energy management operations and maintenance as well as identification of further efficiency measures and equipment upgrades.

Incentives for short and long payback projects will be adjusted as needed, according to market conditions.

Processing of Incentives: Customers provide PSE with project costs and estimated savings. Customers assume full responsibility for selecting and contracting with third-party service providers. Projects must be approved for funding prior to installation/implementation. A grant agreement will be required.

All Commercial and Industrial Retrofit incentives will be processed using a standard Grant Agreement, listing the measure description, measure life, measure cost, and grant amount. An attachment to the Grant Agreement will list specific measure details, and will describe the process PSE will use to verify that the measure is installed correctly and performing efficiently.

The PSE Energy Management Engineer (EME) and the Manager of Business Energy Management oversee all incentives and program operations. EMEs update project changes in the tracking system and review monthly results.

The Manager of Business Energy Management reviews the cost-effectiveness of all efforts. A review of results and refinement of program strategies are conducted annually.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity.

Exhibit 3: Program Details

a. Eligibility

All Commercial and/or Industrial customers receiving electricity or bundled natural gas service from PSE are eligible. Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for measures offered under this Retrofit program and its related contracted programs. Projects must be approved for funding prior to installation/implementation.

Commercial and Industrial Retrofit incentives are calculated on an individual basis. They take the form of a grant, which is provided upon completion and verification of the project.

b. Measures and Incentives

The Retrofit program is a custom incentive program. It is not limited to any measure type or market segment. It is intended to provide the customer flexibility in developing projects that will result in energy savings.

Available Grants include, but are not limited to:

| Measures | Incentive | Eligibility |
|---|---|-----------------------|
| Grants for Business Lighting | Based on cost and savings analysis, pay by the following tiered incentives; the lesser of 70% of the project cost, or \$2 per TLED tube matching Program 262 deemed incentive, or \$0.125 per annual kWh savings for Retrofit Lamps and component kits, or \$0.175 per annual kWh savings for full retrofit kits and new fixtures, and \$0.05 per annual kWh savings for new automatic controls, and \$75.00 paid per each interior LED upgraded LLLC fixture installed | Lighting measures |
| Grants for Non-Lighting Measures | Based on cost and savings analysis, pay the lesser of 70% of the project cost or \$0.35 per annual kWh savings (\$5.00 per annual therm savings), subject to PSE Cost-Effective Standards. | Non-Lighting measures |

C/I Retrofit custom grant types, continued

| Measures | Incentive | Eligibility |
|--|---|--|
| Grants for Advanced Rooftop Controls (ARC) | Based on \$225/ton for PSE electric equipment and an additional \$50/ton for PSE gas equipment. | Existing, single-zone units that are less than 15 years old, have a cooling capacity greater than 5 tons, and a supply fan greater than 1 HP. Projects that don't meet the eligibility requirements may pursue a non-lighting grant. |
| Post-Occupancy Commissioning | See table and information that follows | Depends on services provided by PSE. See table and information that follows |
| Comprehensive Building Tune-Up (CBTU) Incentive | See table and information that follows | Depends on services provided by PSE. See table and information that follows |
| Major HVAC Controls Upgrade | See table and information that follows | Depends on services provided by PSE. See table and information that follows |

Retail wheeling customers may utilize their Schedule 258 Large Power User Self-Directed Program incentive allocation.

Measure: Post-Occupancy Commissioning

For buildings that have been occupied between 6 months and 18 months, incentives are designed to cover up to 75 percent of the post-occupancy commissioning costs, as well as to provide the owner a full list of cost-effective energy savings opportunities.

Post-Occupancy Commissioning Program Incentives

| Description | Incentive Details | Maximum Incentive Building's Utility Services | | |
|--|---|---|----------------------------------|--------------|
| | | PSE all services | PSE Electricity only (other gas) | PSE gas only |
| Base Incentive for Commissioning (CX) | Incentive Cap | 75% of Commissioning (CX) Provider Costs | | |
| | CX Process: (Investigation, Verification, Systems Manual, Training) | \$0.35/sf | \$0.25/sf | \$0.15/sf |

Exhibit 3: Program Details

Combined Utility path for EBCx in the City of Seattle

Each PSE customers located within the City of Seattle will participate through a combined incentive structure designed and implemented by both utilities. The customer participating in the program must secure preapproval from either both or one of the utilities prior to participation and will adhere to all measure and qualifications and requirements. There is a current requirement within Seattle for all buildings equal to or greater than 50,000 square feet in size to undergo a building tune-up, which includes some, but not all commissioning activities. As a result, the incentive offered by PSE to these customers is reduced as to not incentivize activities required by the ordinance. The incentive structure for qualifying customers will be as listed below.

| EBCx Incentives - Combined PSE and Seattle City Light (SCL) Customers | | |
|---|---------------------|-------------------|
| Assessment Incentive | Commissioning Phase | Performance Phase |
| \$1,000 | \$0.10/sf | \$0.80/therm |

Eligibility for incentives, all building fuel types, requires independent commissioning.

Measure: Existing Building Commissioning (EBCx) Program

For existing building commissioning, (buildings older than 18 months) incentives are designed to cover up to 100 percent of the commissioning costs, as well as to provide the owner a full list of cost-effective energy savings opportunities.

Incentives are paid in three phases. An assessment paid once the assessment is completed, base Incentive paid after a Commissioning is completed, and a performance bonus Incentive is paid after first-year savings requirements are met and the owner documents that savings improvements are still in place. If the assessment indicates the building is an inappropriate candidate for Commissioning, only the assessment incentive will be paid.

If there is no metering at the building level, the customer may also be eligible for an incentive for sub-metering to assist the owner in monitoring building energy usage.

EBCx Program Incentives

| Description | Incentive Details | Maximum Incentive Building's Utility Services | | |
|--|---|---|---|-----------------|
| | | PSE all services | PSE Electricity only (other gas) | PSE gas only |
| Base Incentive for Commissioning (CX) | Incentive Cap | 75% of Commissioning (CX) Provider Costs | | |
| | Assessment (Minimum Grant) | \$5,000 | \$4,000 | \$2,000 |
| | Remaining CX Process: (Investigation, Verification, Systems Manual, Training) | \$0.35/sf | \$0.25/sf | \$0.15/sf |
| Owner Commitment | Cost of Improvements (Maximum) | \$0.15/sf | \$0.10/sf | \$0.10/sf |
| | Required Improvements | Improvements with \leq 2 year payback. | | |
| | Implementation Time Frame | Within 6 months of Investigation | | |
| | Senior O&M Staff Time | 50 hours to participate in process and training | | |
| One Year Performance Bonus Incentive | Incentive Cap | 100% of Total Cost (CX Provider + Implementation) | | |
| | Incentive for Electric Savings | \$0.05/kWh | \$0.05/kWh | N/A |
| | Incentive for Electric Savings | \$0.05/kWh | \$0.05/kWh | N/A |
| | Incentive for Gas Savings | \$0.80/therm | N/A | \$0.80/therm |
| | Required Building Savings | 8% | 8% | 11% |
| | Required documentation | Evidence that improvements are still in place. | | |
| Sub-metering Incentive | Eligible for incentive if no metering is present at the building level | Pay up to \$3,000 per building to install sub- metering. | | |

Measure: Major HVAC Controls Upgrade

Major HVAC controls upgrade incentives can cover up to 50 percent of the total applicable project cost depending on verified energy saving from the project. Major HVAC controls upgrades involve adding and/or modifying 3 or more significant energy saving control sequences as well as other major upgrades such as new controllers and a new web-based graphical user interface.

Incentives are provided in 2 phases: a base incentive paid at the end of the installation and a performance incentive paid after almost a full year of actual operation.

Exhibit 3: Program Details

The performance incentive is based on verified savings at the whole building level. The incentive level varies depending on the services provided by PSE. See the table below.

The project must meet PSE prescribed requirements for the controls sequences and features and the system must undergo testing to verify proper installation and operation. The project must also include customer training and a facility guide designed to help the operator maintain the facility energy efficiency performance over time.

If there is no energy metering at the building level, the customer may also be eligible for an incentive for sub-metering to assist in determining the actual building performance. Whole building sub-metering incentive follows the same guidelines as the sub-metering incentive in the CBTU program.

| HVAC Controls Upgrade Incentive | | |
|---|---|----------------------------------|
| Incentive Description | PSE Electric (or combined Electric & Natural Gas Service) | PSE Natural Gas Service Only |
| Maximum Total Incentive = Base + Performance | 50 percent of total project cost | 25 percent of total project cost |
| Base Incentive (Based on 5 percent whole building savings*) | \$0.35 per kilowatt-hour (kWh) saved (+ \$4.70 per therm saved) | \$4.70 per therm saved |
| Maximum Base Incentive | 35 percent of cost | 15 percent of cost |
| Performance Incentive (Based on first year whole building savings) | Based on actual percentage of whole building savings greater than six percent | \$4.70 per therm saved |

**Whole building energy use may exclude large non-HVAC uncontrollable/process loads like data centers. Whole Building Metering: If there is no energy metering at the building level, the customer may also be eligible for an incentive of up to \$3,000 for sub-metering to assist in determining the actual building performance.*

Measure: HVAC Variable Refrigerant Flow System (VRF) Incentive

The Variable Refrigerant Flow System (VRF) measure incentive is offered to encourage installations of this energy-efficient technology. Qualifying commercial offices and schools may receive a prescriptive per-unit incentive based on affected square footage of conditioned space the units serve.

Savings and incentive values are shown in the following table.

Variable Refrigerant Flow (VRF) System Incentive and Savings

| Electric Incentive \$/square foot of Conditioned Space | Electric Savings kWh/sq. ft. | Incremental Cost \$/sq. ft. |
|--|---------------------------------|--------------------------------|
| \$1.00/sq. ft. | 3.95 kWh/sq. ft. | \$3.44/sq. ft. |

Measure: Industrial Energy Management

The objective of the Industrial Energy Management (IEM) is to work with industrial customers to identify, evaluate, and implement projects or change energy management practices to improve energy efficiency. The measures are classified into four categories: capital investment measures, operational and maintenance (O&M) measures, strategic energy management (SEM) and behavioral measures, and comprehensive small industrial measures.

Examples of capital investment measures include replacing an inefficient blower with a high efficient blower, install a VFD on a centrifugal fan or pump for part load controls, and install and new control system to operate the industrial refrigeration system.

Examples of O&M measures include control sequence modification and set-point adjustment for refrigeration or heating systems, compressed air leak detection and repair, compressed air shut-off valves at workstations, modulation of fan or blower speeds based on demand, and controls, modification, or installation of timers to shut off pumps when not required for the operation.

Examples of SEM and behavioral measures include creating a SEM cohort and working with customers to establish an organizational changes to set energy saving goals and engage all level of people in the organization to work together to achieve the goals. Energy saving can be from behavioral changes, O&M, and capital investment.

Examples of comprehensive small industrial measures include a combination of capital investment, O&M, and behavioral changes. This category is for customer with energy usage of less than 1 million kWh and/or 100,000 therms.

Exhibit 3: Program Details

The customer incentive varies based on measure categories as outlined below:

| Measures | Incentive | Eligibility |
|---|---|---|
| Capital Investment | Based on cost effectiveness of the measure using Autofund to determine the incentive. In general, incentive will be \$0.35/kWh or \$5/therm up to 70% of project cost. | Cost effective measures based on Autofund. Incentive can be based on saving estimates or based on measured savings. |
| O&M measures | Engineering cost from PSE contracted service providers are covered by program 100%. Customer incentive is based on \$0.05/kWh and \$0.8/therm up to 100% of the customer implementation cost not to exceed \$25,000 per site. | Based on verified savings. |
| Industrial Strategic Energy Management (I-SEM) | 1) \$0.02 times verified kWh saved up to \$25,000 per site. 2) Two (2) \$1000 potential milestones incentives and a \$2,000 training stipend for each participating customer per site | Based on meeting milestones or verified savings. |
| Comprehensive Small Industrial (CSI) | Based on cost effectiveness of the measure using Autofund to determine the incentive. In general, incentive will be \$0.35/kWh or \$5/therm up to 70% of project cost. | Cost effective measures based on Autofund. Incentive can be based on saving estimates or based on measured savings. . |

4. Target Market

PSE targets all Commercial and Industrial customers with program offerings and marketing efforts appropriate to given business type, size and operation.

5. Marketing and Outreach Plan

Customers will learn about the program through awareness building activities. Such activities include targeted messaging delivered directly to selected business through email and other digital efforts.

Additionally, routine communications with internal PSE channels responsible for direct communication with customers and others who influence decisions about energy efficiency, such as public officials, will yield greater program awareness. This includes:

- Proactive coordination with Energy Efficient Communities staff.
- Regular meetings and communications with Business Services staff, including Major Accounts Executives and Business Accounts Managers.
- Routine updates to PSE Energy Advisors about programs.
- Collaboration with PSE media outreach and social media teams to publicize significant projects and program offerings.

PSE's Commercial Industrial Retrofit Program, which includes Business Lighting and custom grants, primarily relies on the following channels to maintain an abundant quantity of custom retrofit project leads:

- Repeat program participants,
- Internal PSE channels such as Business Services and Energy Efficient Communities.
- Trade ally relations with contractors, engineering design firms and energy services companies (ESCOs).

a. Communications

PSE will communicate about C/I Retrofit program offerings as follows:

- Continue creating collateral to be more awareness-driving than project generation-focused which is focused on taking control of your energy.
- Provide information on the web addressing customer needs and more effectively
- communicate program offerings.
- Provide in-person application and program offering trainings.
- Pursue web-based applications.
- Leverage other PSE customer-facing departments to communicate PSE Efficiency Program information.

Exhibit 3: Program Details

b. Coordination with PSE Staff and Departments

Routine communications with internal PSE channels responsible for direct communication with customers and others who influence decisions about energy efficiency, such as public officials, will yield greater program awareness.

- Proactive coordination with Energy Efficient Communities staff.
- Regular meetings and communications with Business Services staff, including Major Accounts Executives and Business Accounts Managers.
- Routine updates to PSE Energy Advisors about programs.
- Collaboration with PSE media outreach and social media teams to publicize significant projects and program offerings.

c. Community Outreach

Energy Efficient Communities staff will develop and implement outreach strategies to promote program offerings as follows:

- Presentations to developer, architecture, and engineering associations and other trade associations to publicize program offerings.
- Leverage relationships with local governments and other entities to gain awareness of new commercial and industrial developments, and connect developers and architects with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Host sessions internally for PSE staff to increase employee awareness of programs, providing increased communication to customers regarding energy efficiency programs.

d. Coordination with Program Providers

PSE will continue to work with contractors, engineers and ESCOs who develop and deliver custom retrofit energy efficiency projects and who communicate with building owners and managers about PSE's programs.

Coordination efforts will include the following:

- Participation in meetings to update trade allies on program offerings.
- Providing information about PSE's role in energy efficiency retrofit projects.
- Coordination with trade allies on PSE energy efficiency program messaging.
- Expansion of Trade Ally Network into the C/I sector of trade allies.
- Leveraging of the Northwest Trade Ally Network for promotion of lighting efficiencies, and trade ally relations with contractors, engineering design firms and energy services companies (ESCOs).

A section on the Website will be built out to contain relevant information around C/I Retrofit including product options, potential energy savings, product costs, and contact information for PSE's retrofit specialists.

Additionally, PSE will build out its commercial business followers on various social media platforms so it can connect with them, share relevant information and white papers, and begin to position PSE as a trusted expert in the field of commercial retrofits.

C. Commercial/Industrial New Construction

Schedules E251, G251

1. Purpose

The purpose of the Commercial and Industrial New Construction Program is to influence efficient design, building components and equipment in new buildings by working with customers, developers, tenants, owners, designers and builders of new Commercial and Industrial (C/I) facilities. The program provides incentives for installation of cost-effective energy efficient measures to achieve savings beyond the applicable Energy Code or industry standard practice where Code requirements do not exist.

2. Description

PSE works with owners, designers and developers of any large or small new Commercial and Industrial facilities, or major remodels, to propose cost-effective energy efficient upgrades that exceed energy codes or standard practice where minimum efficiency requirements are not prescribed by code. Three paths are available to provide assistance and/or funding for New Construction energy efficiency measures. New Construction Post-occupancy Commissioning is also offered in addition to the building paths.

The first path is similar to the retrofit program where component measures are evaluated individually and funding is based upon cost-effectiveness. Under this approach, customers may receive up to 100 percent of the incremental cost over a code-compliant baseline. There is a streamlined process for new construction lighting projects that have allowable lighting power density values listed in the applicable code.

The second path is a whole-building approach that utilizes building energy simulation to demonstrate improvement over energy code requirements.

PSE will work with designers to incorporate measures that produce at least 10 percent overall savings beyond applicable energy code, including local jurisdiction amendments. Given the time required for planning and construction, these projects typically take several years to complete.

The third path includes Prescriptive Basis incentives for measures that are eligible for rebates under Schedule E/G 262, Commercial and Industrial Incentive Program.

The incentive amount for a measure is the same as that which is available under Schedule E/G 262, but energy savings may be calculated based on actual Site-Specific conditions and Code Baseline adjustments, if necessary.

Customers assume full responsibility for utilizing their design teams and contractors to provide information to PSE for evaluation of grant funding. Projects must be approved for funding prior to installation/implementation to be eligible.

3. Delivery Method

The Commercial New Construction program effects conservation measures through the direct installation into customers' eligible structure by contractors, developers, and customers who, with consulting services provided by energy management engineers, enter into a custom grant agreement with PSE.

4. Implementation Management

The Commercial New Construction program manages all agency conservation measure installations via in-house, PSE energy management engineers. C/I New Construction works closely with Multifamily New Construction and their 3rd party implementer. Where synergies exist, the 3rd party implementer also markets the C/I program through their outreach strategies.

5. Customer Incentives

Customers provide PSE with project scope, costs, proposed design details, and energy savings calculations, and PSE will utilize this to calculate estimated savings and incentives. Customers assume full responsibility for selecting and contracting with third-party service providers. A grant agreement or signed prescriptive measure rebate application will be required.

Component Measure incentives: For energy-efficient measures with a simple customer payback greater than one year, PSE provides grants toward the incremental installed cost of the measure. Maximum grants will be based on the Company's cost-effectiveness criteria. Electric and natural gas measures may receive incentive grants up to 100 percent of the incremental measure cost where the grant incentive does not exceed the cost-effectiveness standard less program administration costs. Measures that exceed the cost-effectiveness standard will receive grants that are on a declining scale and will be less than 100 percent of the measure cost.

Exhibit 3: Program Details

In instances where project first-costs, site conditions, or operational parameters lead to a customer fuel choice that would offset gains from implemented efficiency measures, incentives for fuel switching will not be provided, and choices that totally eliminate the need to provide an energy source to the site are not eligible for incentives.

Lighting Power Density NC measure: This measure is a streamlined approach to providing a component incentive for new construction lighting systems that provide better energy performance than a code minimum compliant lighting system. This measure utilizes a PSE-designed energy savings worksheet that is based on the Washington State Energy Code (WSEC) lighting compliance worksheet. Projects must exceed code by 20 percent in order to qualify for an incentive.

Whole Building Approach incentives: PSE provides incentives for projects designed and built to be at least 10 percent more energy efficient than a Code baseline building built under the applicable Energy Code. The incentive will be based on a whole-building, full-year energy model, with the savings being the difference between a minimally code-compliant baseline model and the proposed building design model.

Eligibility for Whole Building incentives: Whole Building Incentives are designed for buildings which will receive electric service from PSE and/or natural gas service from PSE. Projects to be served only with natural gas from PSE only qualify for whole building incentives based on the modeled natural gas savings. As a guideline, buildings using the whole building approach incentive should be greater than 50,000 sq-ft, but exceptions can be made by PSE staff on a case by case basis.

Projects using multiple energy sources, but to be served with electricity from PSE must demonstrate that the whole-building efficiency is improved by a minimum of 10 percent to qualify for an incentive. In instances where project first-costs, site conditions, or operational parameters lead to a customer fuel choice that would offset gains from implemented efficiency measures, incentives for fuel switching will not be provided, and choices that totally eliminate the need to provide an energy source to the site are not eligible.

Prescriptive Basis Incentives: Rebates for equipment listed under the electric/natural gas Commercial and Industrial Rebate Incentive Program are available for new construction except when required by the applicable Energy Code. Other Prescriptive Basis Incentives are not available within the Schedule 251 program.

When a rebated equipment item has an energy interaction with Measures proposed under the whole building approach or the component approach, the energy savings for the rebated equipment will be removed from the whole building energy calculations or the component approach energy savings calculation.

Post Occupancy Building Commissioning: If the customer engages the services of a third party commissioning agent for post occupancy building commissioning, who is independent of the design and construction team, then the customer may be eligible for an incentive. To qualify for this incentive, post-occupancy commissioning will start approximately 9 months after the warranty period starts and complete within an 18 month time period of occupancy. Post Occupancy Commissioning will focus on optimization of building energy systems including, but not limited to: lighting, HVAC, and building controls.

PSE will consider the measure cost as that portion of the commissioning agent services that will impact energy efficiency on the project. The savings shall be assumed to be a percentage of the building's estimated annual energy use. This percentage will be based on studies of the energy savings impact of commissioning.

The commissioning agent will utilize the building's energy consumption data from PSE as well as any building system control trends and point/system energy monitoring, to assist in analyzing the building's energy use and to support the energy optimization activities.

The commissioning agent shall prepare (or update if one already exists) a Facility Guide which describes the major energy using building systems (HVAC, lighting, domestic hot water, etc.), including control sequences, operating set points, schedules, and procedures for testing and verifying proper and efficient operation of the equipment and controls. As part of this post occupancy service, the Commissioning Agent will provide all deliverables specified in the Program Requirements (for example, On-Going Commissioning Plan, On-Going Training Plan, Facility Guide, Investigation Details/Cx Report, etc). The owner's operation and maintenance staff will be trained on how to monitor energy use and efficiently operate the building's systems.

Energy-use monitoring: Upon occupancy, and subject to availability, the Company may provide secure web site access to facility energy-use data for building occupant, free of charge.

Exhibit 3: Program Details

Typically, energy consumption data will be available to allow the occupant to verify building and/or measure performance according to energy-use projections. To be eligible, customers must be on a rate schedule with demand (kW) as well as energy (kWh) charges.

Compatible metering and remote data retrieval capability must be in place at the customer's facility. PSE is not obligated to replace or upgrade nonconforming meters. Customers will have the ability to use the monitored information to improve energy efficiency at the facility, capitalize on additional energy savings opportunities, and identify further efficiency measures, equipment upgrades, and O&M activities.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within the PSE service territory, fuel type (natural gas or electric), product type and product quantity.

Early Design Assistance: In conjunction with PSE's Multi-Family New Construction program, C&I New Construction is piloting an Early Design Assistance program in which an energy-focused meeting is held with the entirety of the design team early in the design process. This program is designed to get all disciplines talking about energy at a point in the design when substantive changes can still be made. For this pilot program, projects are evaluated for eligibility on a case-by-case basis, and projects that are in Schematic Design or earlier, and are at least 50,000 sq-ft are eligible for a \$2,500 grant.

a. Eligibility

Any Customer, owner or tenant with appropriate owner consent, of a new construction commercial, industrial, multi-family, or mixed-end-use facility or outdoor lighting which will receive natural gas service from the Company, and/or electric service under Special Contracts, or Schedules 7A, 24, 25, 26, 31, 35, 40, 43, 46, 49, 50, 51, 52, 53, 54, 55, 57, 58, 448, 449, 458, 459 (or their equivalent) of Electric Tariff G of the Company.

Customer must currently be or plan to be a PSE business electric and/or natural gas customer, and the new business site must be within PSE's electric and/or natural gas service areas.

Customer must be pre-approved by PSE prior to the installation of all energy efficiency improvement measures.

b. Incentives

There are three incentive paths for New Construction projects. The paths are intended to provide customers flexibility in meeting their project needs. A commissioning incentive may be used in combination with any of these paths.

Commercial/Industrial New Construction Incentive Table – Figures based on maximum funding amount.

| Path | Incentive | Eligibility |
|------------------------------------|--|---|
| Energy Model Whole Building | \$0.35 per annual kWh savings and 5.00 per annual therm savings compared to code-baseline or standard practice system. Incremental cost to be the same as the incentive amount. | Facilities must be more than 50,000 sq. ft. and involve multiple measures, as determined by PSE. Facilities less than 50,000 sq. ft may qualify with PSE approval. Facility must use 10% less energy than applicable energy code. |
| Component Approach | <u>Lighting</u> : \$0.15 per annual kWh savings compared to code-baseline or standard practice system, subject to PSE Cost-Effective Standards. Incremental cost to be the same as \$0.15 per annual kWh for projects with a code baseline that uses lighting power density (LPD). In addition, a \$75 per LLLC fixture incentive will be available for qualifying fixtures. | For lighting, proposed system must have 20% less lighting power density than applicable energy code. LLLC fixtures must meet qualifying criteria listed in the Business Lighting Program. |
| | <u>Non-lighting</u> : lesser of 100% of the incremental cost or \$0.35 per annual kWh savings, subject to PSE Cost-Effective Standards. | |
| | <u>Natural gas</u> : lesser of 100% of the incremental cost or \$5.00 per annual therm savings, subject to PSE Cost-Effective Standards. | |
| Rebates Measure | See eligible measures list under Commercial & Industrial Incentives Schedule 262 section. | |

Exhibit 3: Program Details

Post Occupancy Commissioning Incentive

Incentives, based on square foot of conditioned space, are available for projects utilizing an independent commissioning agent of post-occupancy commissioning:

New Construction Post-Occupancy Commissioning Incentive Table – Figures based on maximum funding amount.

| Description | Incentive Details | Maximum Incentive Building's Utility Services | | |
|--|---|--|---|-----------------|
| | | PSE all services | PSE Electricity only (other gas) | PSE gas only |
| Base Incentive for Commissioning (CX) | Incentive Cap | 100% of Commissioning (CX) Provider Costs | | |
| | Remaining CX Process: (Investigation, Verification, Systems Manual, Training) | \$0.35/sf | \$0.25/sf | \$0.15/sf |
| Owner Commitment | Senior O&M Staff Time | 50 hours to participate in process and training | | |

Eligibility for incentives, all building fuel types, requires independent commissioning.

6. Target Market

Owners and developers of commercial or industrial facilities to be served by PSE with electricity or natural gas are eligible for new construction incentives. Also targeted are market actors, including but not limited to, owner's representatives, facility design architects and engineers, trade allies, development organizations, property management companies, and financing organizations.

7. Marketing and Outreach Plan

PSE marketing and outreach teams will explore a diverse set of messaging and tactics to reach architects, municipalities, developers and engineers, respectively. Internal to BEM, PSE will focus on visiting firms and contractors one-on-one to better understand their business, and how it can partner with customers more effectively.

The Commercial/Industrial New Construction (CNC) team will work with the Commercial Strategic Energy Management (CSEM) team and Business Services to develop synergies on new projects early in the design process.

Market activity for new construction is expected to be generally unchanged in the 2020-2021 program period. Due to long lead time for new construction project development, major projects that are started during 2020-2021 often will not contribute energy savings until the 2022-2023 program period.

PSE's program for commercial and industrial new construction will remain an incentive for building owners, designers, and developers to include energy-efficiency measures that are above and beyond that which is required by the building code or industry standard practice.

In order to reach the right audience at early stages, marketing and outreach teams will explore a diverse set of messaging and tactics to reach architects, municipalities, developers and engineers.

Marketing, Communication, and Event personnel will partner with a C & I New Construction SME (Subject Matter Expert) on developing and implementing strategies designed to build program awareness, strengthen relationships, and increase participation in PSE's program.

Potential programs and tactics may include:

- One-on-one meetings are key to relationship building with designers, developers and owners. An outreach plan will be developed to meet with stakeholders in each of these groups to understand how to be better partners, and how PSE can improve its programs to better fit their needs.
- Presentations to architects, municipalities, developers, engineers, and contractors to publicize program offerings and how PSE can be a strategic partner in their projects.
- Identifying upcoming building projects and connecting with project engineers, architects, and/or builders to make them aware of program offerings during the early stages of the project.
- Provide sponsorships with targeted trade associations, industry conferences, and events where PSE can connect with architects, municipalities, developers, engineers, and contractors to promote the program and the benefits of partnering with PSE.

Exhibit 3: Program Details

- Leverage current relationships with key architects, municipalities, developers, engineers, and contractors by asking them for referrals for new projects. Consider offering them a nominal stipend for each referral that results in a complete project.
- Identify and connect directly with architects, municipalities, developers, engineers, and contractors who are likely to benefit from PSE's service.
- Develop digital and printed copies of program collateral highlighting the services, benefits and advantages this program offers. These materials will be distributed widely during events, presentations, and meetings to architects, municipalities, developers, engineers, and contractors.
- Identify cross-promotion opportunities with other appropriate PSE programs.

D. Commercial Strategic Energy Management

Schedules E/G 253

1. Purpose

The purpose of the Commercial Strategic Energy Management program is to achieve customer cost reductions for major resource utility bills through behavioral changes, operational improvements, facility maintenance, and attention to utility accounting. Savings result from changes in practices and do not require major investments in equipment.

2. Description

PSE offers Commercial Strategic Energy Management (CSEM) to any school district, public-sector government agency, and Commercial or Industrial (C/I) customer with a minimum portfolio baseload to meet cost-effective thresholds. The CSEM program targets larger customers with multiple facilities such that the cost of implementation can be recovered through savings achieved. Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for CSEM.

Customers qualify for the CSEM program based on their annual PSE energy purchases. A typical customer baseline for maximum program funding is 20,000,000 kWh for electric only or 2,700,000 therms for natural gas-only service from PSE. Funding levels are prorated based on the amount of staff a customer would need to allocate in order to achieve cost-effective savings from SEM efforts. At a minimum, the customer needs to use 1,000,000 kWh or 135,000 Therms, or the equivalent to participate in the program.

A CSEM customer employs, contracts, or designates existing staff to implement Energy Management responsibilities, including accounting for resource consumption, assessing facilities, recommending actions, monitoring progress, calculating savings and communicating program information to organization stakeholders.

Monetary grants include a "start-up" grant for completion of deliverables associated with building the program foundation. The start-up deliverables include identifying an Energy Manager, setting up an energy-accounting database, writing a company resource management plan, and completing facility action plans.

Exhibit 3: Program Details

Once start-up deliverables are complete, the customer may qualify for "performance grants" based on achieving energy savings associated with Energy Management practices and "target grants" for meeting or exceeding pre-established energy-reduction targets.

The CSEM agreement is valid for three years. Over this time, PSE anticipates a 10-12 percent reduction in overall energy use. Savings are calculated using industry standard practices and energy accounting methodologies. Reported annual savings are a variance from a fixed baseline. PSE may elect to renew a customer's CSEM agreement in three-year increments to provide continued support and additional performance incentives.

PSE's CSEM support program is comprised of a "menu" of services, which can be tailored to meet the specific needs of the customer. Typical RCM services include, but are not limited to, the following assistance and support:

a. Program Start Up

- Designing and implementing a CSEM program.
- Developing baselines, policies and guidelines, and facility action plans.

b. Resource Accounting Software

- Purchase and/or implementation of resource accounting software.
- Audits of existing databases to review for inclusion of all facilities, accounts, meters, etc., sufficient facility details, missing data, and overall data integrity.

c. Technical Assistance

- On-site walk-through audits to train customer staff to identify waste and opportunities for improved efficiency.
- Analysis and reporting of savings relative to established baseline.

d. Education & Training

- Training in fundamental concepts for designated Energy Managers and support personnel such as custodial, maintenance, and facilities staff.
- Educational materials for classroom or building occupant use including checklists, fact-sheets, and calculators.
- Training stipend to support professional development in Building Operation or Energy Management.

e. Energy Data Services

- Historical and on-going monthly PSE billing data and access to resource accounting software.
- Energy interval data for internet viewing of facility natural gas and electric interval meter data.

f. Cash Incentives

- "Start-up" incentive intended to share the cost of program start-up that is paid upon satisfactory completion of deliverables.
- Performance grants for customers who achieve energy savings after completing their deliverables.
- Target grants for customers who achieve a pre-established targeted amount of energy savings after completing their deliverables.

The CSEM program has also assisted customers in establishing Energy Star Benchmarks for their facilities using EPA's Portfolio Manager. PSE will continue to help customers to identify potential targets, improve energy efficiency to meet award qualifications, coordinate the application and inspection process, and submit material to EPA for Energy Star awards.

Additionally, access to energy accounting software has allowed PSE CSEM customers to facilitate greenhouse gas accounting and other climate change and sustainability initiatives. The value of this service routinely exceeds those stated in the CSEM program scope of work.

PSE continues to explore ways to make the CSEM program cost-effective for smaller customers. PSE efforts will continue to work with CSEM consultants, customers, and other support agencies to develop this market.

Exhibit 3: Program Details

3. Delivery Method

The Commercial Strategic Energy Management program effects conservation measures through the behavioral efficiency management conducted by a customer's Strategic Energy Manager, and the direct installation into customers' eligible structure by contractors engaged in a custom grant.

4. Implementation Management

The Commercial Strategic Energy Management program directs all measure installations, tracking and reporting of site performance, trainings and meetings via in-house, PSE program staff and energy management engineers.

5. Customer Incentives

PSE continues to develop creative incentive options to increase CSEM support for a variety of customer segments. The CSEM program incentives are as follows:

- *Resource Accounting Software* – PSE will provide access to resource accounting software populated with PSE data and able to incorporate other customer data.
- *Start-Up Incentive* – For qualifying organizations, PSE will provide an incentive to help get the program started with initial set-up of utility database and program organization, provided the customer completes the database set-up, develops a resource management plan and outlines facility action plans for their buildings. Customers will receive PSE support tailored to their needs, including staff training, technical assistance, interval metering, and other services.
- *Performance-Based Incentives* – PSE may provide cash incentives to customers who achieve energy savings relating to occupant behavioral practices and improvements in operational and maintenance (O&M) efforts. If customers meet or exceed energy savings targets, PSE will offer a target incentive to the customer and an increased performance incentive for additional savings. Energy-savings targets will be based on a typical 5 percent reduction from a 12-month baseline and actual savings will be calculated and verified by PSE. Incentive amounts will meet the current commercial and industrial program cost-effective criteria.

a. Eligibility

Any Customer, owner, or tenant with appropriate owner consent, of a commercial, or industrial facility with multiple accounts or facilities with qualifying usage receiving Electric Service under a Special Contract, or Schedules 7A, 24, 25,26, 29, 31, 35, 40, 43, 46, 49 (or their equivalent) of Electric Tariff G from the Company is eligible. Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for Commercial Strategic Energy Management (CSEM) Incentives.

Customer eligibility is determined by PSE energy base load and potential savings. A typical customer baseline for maximum program funding is 20,000,000 kWh for electric only or 2,700,000 therms for gas-only service from PSE. Funding levels are prorated based on the amount of staff a customer would need to allocate in order to achieve cost-effective savings from Energy Management efforts. At a minimum, the customer needs to use 1,000,000 kWh or 135,000 Therms, or the equivalent to participate in the program.

b. General Description of Program Offerings

Commercial Strategic Energy Management (CSEM)

The table on the following page summarizes the Grant and Services package for the CSEM program. A description of each menu item follows providing details of the service and required deliverables. The grant measures are allocated to the year in which PSE expects them to be paid; the actual timing will vary based on the customer's completion of deliverables.

Exhibit 3: Program Details

CSEM Direct Customer Incentive Table – *Figures based on maximum funding amount.*

| Program Element | | Formula / Notes | Measure Cost | Incentive |
|-----------------|--|--|--------------|------------------|
| Year One | Training Allowance/ Software Stipend | Stipend for participation in BOC level 1 & 2 training or other accredited training if desired, subject to approval by PSE. Measure cost is PSE discounted tuition. Support for purchase of resource accounting software. | \$2,000 | \$2,000 |
| | Start-Up Incentives | Start-up incentive provided to customers that submit required first year deliverables within first year of grant. Measure cost is 100% of incentive amount. | \$10,000 | \$10,000 |
| | Performance Incentive | Performance incentive of \$0.02/kWh and \$0.15/therm of savings up to PSE defined performance target (typically 3% of baseline). If a customer exceeds the target, the performance incentive increases to \$0.035/kWh and \$0.25/therm for each additional unit of energy savings over the target up to 70% of the measure cost. In this table, an example performance incentive of \$12,000 is shown for a customer that saved 600,000 kWh, or 3% of 20,000,000 kWh baseline. The measure cost is equal to 100% of deemed customer annual program cost, minus the start-up and bonus incentive amount. | \$80,000 | \$56,000 maximum |
| | Target Incentive or Continuous Engagement Incentive | Target incentive if customer meets or exceeds PSE defined performance target (typically 3% of baseline energy use, or completion of continuous engagement credit requirements). Measure cost is 100% of incentive amount. | \$10,000 | \$10,000 |

CSEM direct incentives, continued

| Program Element | | Formula / Notes | Measure Cost | Incentive |
|--|--|--|------------------|--------------------------|
| Year Two and Three | Training Allowance/Software Stipend | Stipend for participation in BOC level 1 & 2 training or other accredited training if desired, subject to approval by PSE. Measure cost is PSE discounted tuition. Support for purchase of resource accounting software. | \$2,000 | \$2,000 |
| | Performance Incentive | Performance incentive of \$0.02/kWh and \$0.15/therm of savings, up to PSE defined performance target (typically 5% of baseline). If a customer exceeds the target, the performance incentive increases to \$0.035/kWh and \$0.25/therm for each additional unit of energy savings over the target up to 70% of the measure cost. In this table, an example performance incentive of \$20,000 is shown for a customer that saved 1,000,000 kWh, or 5% of their 20,000,000 kWh baseline. The measure cost is equal to 100% of deemed customer annual program cost, minus the bonus incentive amount. | \$80,000 | \$56,000 maximum |
| | Target Incentive or Continuous Engagement Incentive | Target incentive if customer meets or exceeds PSE defined performance target (typically 5% of baseline energy use, or completion of continuous engagement credit requirements). Measure cost is 100% of incentive amount. | \$20,000 | \$20,000 |
| Total Incentives for Initial Three-Year Agreement | | | \$306,000 | \$234,000 maximum |

Puget Sound Energy recognizes that it is difficult to track achieved energy savings throughout each performance year due to adjustments required for capital projects, weather, occupied hours, and the like.

Exhibit 3: Program Details

To encourage our customers to continue to engage with the CSEM program and take on energy-saving actions, the CSEM team has developed a Continuing Engagement Credit (CEC) system as an alternate to the Target Incentive system. To receive the CEC incentive (which is the same amount as the Target Incentive), each Energy Manager must earn at least 8 points (single fuel) or 12 points (dual fuel) by completing and providing the appropriate verification for actions listed in this table:

| Action | Points | Frequency accepted per year | Verification Requirements |
|---|--------|-----------------------------|---|
| Training (4 points max) | | | |
| Attend webinar promoted by PSE | 1 | 2 | Attendance Recorded |
| Attend CSEM-related in-person training | 2 | 2 | Attendance Recorded |
| Attend PSE's Annual Meeting | 2 | 1 | Attendance Recorded |
| Conduct internal training for staff | 1 | 2 | Description and attendance log |
| Take Training Coursework on SEMHub* | 1 | 1 | Attendance Recorded |
| Implementation | | | |
| Implement Occupant Behavior Campaign | 3 | 2 | Description and results report |
| Provide 10 Actions completed in any quarter | 1 | 4 | Report to PSE |
| Whole Building Deep Dive | 1 | 2 | Report to PSE |
| Implement Capital Project | 3 | 1 | Description, invoices, date of implementation |
| Energy treasure hunt | 1 | 1 | Findings report and attendance log |
| Save 3% - 5% of total Consumption | 8 | 1 | PSE to verify |
| Use Tool Lending Library | 1 | 1 | Email confirmation from Smart Building Center |
| Communication (3 pts max) | | | |
| Submit a success story to PSE (for redistribution) | 1 | 2 | Success story approved by PSE |
| Develop and deliver a newsletter to bldg. occupants | 1 | 2 | Copy of newsletter sent to PSE |
| Develop and deliver a report for upper management | 1 | 2 | Copy of report sent to PSE |

Energy Manager verification requirements, continued

| Action | Points | Frequency accepted per year | Verification Requirements |
|---|--------|-----------------------------|---------------------------|
| Documentation | | | |
| Update and deliver RMP | 1 | 1 | Report to PSE |
| Update FAPs for all sites | 2 | 1 | Report to PSE |
| Validate account #s, meter #s, and sites in portfolio | 2 | 1 | Report to PSE |

c. CSEM Value-Added Service Descriptions

PSE also provides support activities to each CSEM customer as a part of their CSEM agreement. The support includes providing seasonal energy management campaigns materials to customers.

The purpose of these campaigns is to generate conversations in the Facilities,

Public Works and/or Maintenance departments and with other stakeholders at your organization about low-cost / no-cost seasonal energy saving opportunities. These opportunities are the hallmark of Strategic Energy Management (SEM), an organizational system designed to capture sustained energy savings.

These campaigns have been designed with the following goals in mind:

1. Easy to use. These campaigns include templates, draft language and tools designed for busy employees.
2. Support proactive, preemptive action. Facilities teams often operate in a reactive mode, responding to occupant requests, operational crises, and external events such as weather. These campaigns support a paradigm shift towards the continuous improvement framework of SEM, where activities are strategic, planned and preventative.
3. Designed for scalability. These campaigns are made up of talk cards that can be used to prioritize seasonal energy saving opportunities. The content is organized into manageable, easy-to-implement components so busy teams can incorporate new ideas and activities slowly and deliberately, as the schedule allows.

Exhibit 3: Program Details

The audience for these campaigns include energy champions, building operators and site supervisors, executive sponsors and building occupants.

While these program elements do not relate to a cash incentive, they are specific project-oriented tasks that relate to a value of service that can be quantified for each customer based on their organization profile. A description of each major service is provided below.

i. Resource Management Software

PSE will provide the customer with access to resource management software. The software will include facility information and PSE accounts, and will be populated with historical PSE billing data.

Once the customer is trained on the software, the customer is expected to complete the setup with organization structure, building information, utility companies, and account numbers for electricity, gas, water, wastewater, and solid waste accounts.

ii. Resource Management Software Set Up

PSE staff will work with the customer to develop a comprehensive list of the customer's PSE gas and electric accounts and align them to the correct facility. Once this list is developed, PSE will complete the initial setup of resource management software with the customer's facilities and PSE accounts and meters. This web-based software tool will provide access to historical PSE data for each customer's electric and/or gas accounts as well as interval data for qualifying meters.

iii. Annual Savings Analysis

PSE will work with the customer to calculate O&M energy savings after each 12-month period of their CSEM contract. Adjustments will be made for major capital improvements, change in use, weather, and other factors that may have had a significant impact to facility energy use.

iv. NEEA Conduit Website Access and SEM Hub

PSE will provide access to a private group, "Puget Sound Energy SEM Group," on Northwest Energy Efficiency Alliance (NEEA)'s Conduit website as well as the SEM Hub.

This group is an online technical support and materials center that has been developed to help Energy Managers with their program implementation.

The group hosts PSE program materials that have been developed for implementation and reference and allows for Energy Managers to communicate with each other in a chat room style setting.

v. *Three-for-Free Technical Audits*

For each customer qualifying for full funding, PSE will provide an initial three (3) facility audits to jump-start customers on the process of completing Facility Action Plans. The site visits will act as both training and technical assistance such that through this process, and along with the CSEM training series, each Energy Manager will gain the knowledge necessary to perform their own detailed facility audits. During these first walkthroughs, the Energy Manager will learn how to gather the information necessary to complete the second deliverable of the Start-up Grant, their Facility Action Plans. The number of site visits will be prorated based on the baseline usage.

vi. *CSEM Training Series*

To support customers' resource conservation efforts, PSE has designed a series of courses to help customers learn more about building energy, resource consuming systems, and the tools that will help customers be effective in their role as resource conservation managers. There are core classes offered, as well as a number of advanced and specialized courses. Most training classes are scheduled to be held at the Bellevue PSE campus, but may be customized for and offered at customer's facilities. Webinars may also be available.

6. Marketing and Outreach Plan

Commercial, municipal, educational, and governmental customers will learn about the program through awareness building activities. Such activities include targeted messaging delivered directly to selected business through email and other digital efforts. Additionally, program awareness will be created on PSE's behalf from lighting distributors, trade allies, and contractors when they interact with customer located in the PSE service territory.

A section on the Website will be built out to contain relevant information around Commercial Strategic Energy Management including available product options to save energy, potential energy savings, estimated product and installation costs, and contact information for PSE's Commercial Strategic Energy Managers.

Exhibit 3: Program Details

Additionally, PSE will build out its commercial, municipal, educational, and governmental followers on various social media platforms so it can connect with them, share relevant information and white papers, and begin to position PSE as a trusted expert in the field energy management.

PSE's CSEM program utilizes a broad array of marketing materials and training activities to reach its customer base. The nature of the CSEM program and its need for ongoing communications efforts with customers blurs the distinction between promotional marketing and customer communications. An integrated approach is required to support this program.

Ongoing communications, public relations and Energy Manager training are critical to convey the value and integrity of PSE's program to new and existing customers.

Changes to the program, including payout structure and eligibility thresholds need to be emphasized, particularly to potential customers as PSE is focused on growing customer participants in the near term.

a. Program Communications to Existing Customers

- Support the CSEM program with development of information and training materials for customers.
- Recognize outstanding customers with awards and designations.
- Update collateral and web pages to be more customer-friendly.
- Continue to promote and enhance tools to support ownership of process, making them easy for customers to use and implement.
- Support for the CSEM annual meeting with displays and handouts as needed.
- Establish resources and protocol for webinar trainings.

b. Marketing Communications to Existing and Potential Customers

- Provide marketing materials including brochures, web updates and standard presentation materials to communicate about the CSEM program.
- Continue to update marketing materials to incorporate program changes required.
- Continue to develop case studies to demonstrate an array of CSEM success stories and feature these businesses in monthly newsletters.
- Implement webinars to add value to existing membership while appealing to potential customers.

c. Internal PSE Communications

- Communicate key messages about the CSEM program to audiences inside of PSE that serve as channels to customers and other stakeholders.
- Provide a conduit for communicating critical updates or program information to the Energy Efficient Communities and Business Services groups.
- Review communications developed by Energy Efficient Communities.

d. Publicity

- Work with media outreach and social media teams to publicize successful projects.
- Work with media outreach team to develop articles about Energy Managers and their accomplishments.

e. Community Outreach

- Energy Efficient Communities staff will develop and implement outreach strategies to promote enrollment in the CSEM program:
- Presentations to Chambers of Commerce, Large Businesses, and Municipalities to encourage program participation.
- Leverage relationships with local governments and other entities to gain awareness of program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.

E. Large Power User/Self Directed

Schedule E258

1. Purpose

The purpose of this program is to acquire cost-effective energy savings from large Commercial and Industrial (C/I) customers by providing incentives that support self-directed energy efficiency projects that the customers themselves propose.

2. Description

This program solicits electric energy efficiency upgrades through a Request for Proposal (RFP) process. C/I customers receiving electric service under Schedule 40, 46, 49, 448, 449, 458, or 459 receive a funding allocation based on their electric usage and are responsible for proposing cost-effective project(s) to utilize their allocation. This is classified as the non-competitive phase.

Proposals are evaluated by PSE engineering staff for technical soundness, cost-effectiveness and compliance with energy code and tariff requirements. Customers sign a standard PSE Conservation Grant Agreement, defining project cost, PSE incentive amount, and verification requirements prior to installation of project Measures.

The Large Power User Self-Directed program is implemented in cycles, with the current program cycle spanning January 1, 2019 to December 31, 2022. Customers are given until March 31, 2021 to propose projects that utilize their incentive allocations under the non-competitive phase. Customers not designating projects that fully utilize their allocation forfeit their remaining balance to a competitive phase, in which remaining funds are available to all program participants via competitive bid.

In the Competitive Phase, eligible customers respond to an RFP in order to obtain remaining incentive funding that was not claimed during the non-competitive phase. In this phase, eligible customers may have access to funds beyond their original allocation. In the current cycle, the competitive phase RFP will be issued on May 15, 2021, with the submittal deadline being July 14, 2021.

Received proposals are ranked based on cost-effectiveness and other criteria specified in the RFP. Competitive funding will be awarded, in order of project ranking, until all funds are allocated to projects.

3. Delivery Method

The Large Power User/Self-Directed program effects conservation measures through the direct installation into customers' eligible structures by contractors engaged by customers.

4. Implementation Management

The Large Power User/Self-Directed program manages all program elements via in-house, PSE energy management engineers.

5. Eligibility

Customers receiving electrical service from the Company under Schedules 40, 46, 49, 448, 449, 458 or 459 (or their equivalent) of Electric Tariff G with cost-effective electric energy efficiency projects are eligible to respond to the Company's Requests for Proposals (RFPs). Schedule 258 and the RFPs outline all project funding criteria.

Incentives are calculated on an individual basis. They take the form of a grant, which is provided upon completion and verification of the project.

6. Customer Incentives Overview

The incentive budget for eligible customers will be the Electric Conservation Rider revenues less deductions made for the Company's administrative program costs (7½ percent) and for the Northwest Energy Efficiency Alliance (NEEA) budget line item (10 percent).

The total Electric Conservation Rider revenue amount and customer allocation will be determined by the Company's State Regulatory and Cost of Service Department.

Energy efficiency measures are subject to the Company's Total Resource Cost Test to determine the grant amount to be paid. The incentive amount is up to \$0.50 per annual kWh savings, subject to PSE Cost Effectiveness Standards.

Customers receiving service under Schedules 448, 449, 458 or 459 only receive incentives through the Schedule 258 program and cannot receive funding from other programs.

Exhibit 3: Program Details

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within PSE service territory, product type and product quantity.

The program is a custom incentive program. It is not limited to any measure type or markets. It is intended to provide the customer flexibility in developing projects that will result in energy savings.

The incentive amount is up to \$0.50 per annual kWh savings subject to PSE cost effectiveness standards.

Large Power User/Self-Directed measure categories include, but are not limited to:

| Category | Includes |
|---------------------------------|--|
| HVAC and Refrigeration | HVAC – unitary |
| | HVAC – central |
| | Heat Recovery Systems |
| | Chillers |
| | Economizers |
| | VAV Boxes |
| Commissioning and Optimization | Commissioning/Optimization of energy systems |
| Process Efficiency Improvements | Refrigeration Systems |
| | Motor and Drive Systems |
| | Fan, Compressor and Pump Systems or Stations |
| | High Efficiency Motors |
| | Other Process Modifications |
| Building Thermal Improvements | Roof and Ceiling Insulation |
| | Exterior Roof Insulation |
| | Wall Insulation |
| | Insulated Windows |
| | Duct Insulation |

Large Power User/Self-Directed measure categories, continued

| Category | Includes |
|--|------------------------------|
| Existing Building Insulation Controls | Energy Management Systems |
| | Lighting Control Systems |
| | Process and Other Efficiency |
| | Control Systems |
| Lighting Improvements | Fluorescent Luminaires |
| | LED Luminaires |
| Water Heating Improvements | Water Heaters |
| | Piping Insulation |
| | Low Flow Devices |
| Resource Conservation Management (RCM) | |

7. Target Market

Commercial and industrial customers receiving electric service under Schedule 40, 46, 49, 448, 449, 458 or 459 are eligible to participate in this program.

8. Marketing and Outreach Plan

Effort will be made to ensure that eligible customers have every opportunity to take advantage of the incentive allocation available to them. If it becomes evident early in the program duration that some customers are having difficulty initiating the program process, the Company will offer to provide extra assistance to identify projects and perform any required follow-through.

F. Energy Efficient Technology Evaluation

Schedules E/G 261

1. Technology Evaluation Overview

The purpose of Energy Efficiency Technology Evaluation is to identify new, energy efficient technologies and products for PSE program offerings. Ideally, PSE would identify cost effective technologies and measures with significant savings potential, which are commercially available. However, there are many emerging technologies that range from “commercially available, but not used in the Northwest,” to “conceptual” or “prototypical” technologies still in the development phase.

It is relatively simple to determine whether new, commercially available technologies are suitable, as long as generally accepted engineering calculations can be used, and manufacturers can provide reliable data. For example, vendors frequently approach PSE with new, improved products, claimed to save more energy than their older models, or their competition. Usually these proposals are evaluated by the Energy Management Engineer who is managing the project, who then shares his/her experience with others in the group.

Some technologies are not so simple to evaluate. Those that are truly new typically have little experiential history, or there is no generally accepted method to calculate the performance. Clearly, it would be risky to broadly offer incentives through PSE’s programs - risky with regard to uncertain savings and risky for its customers due to unforeseen product issues. If the potential savings look significant, PSE may try the technology on a limited quantity of projects, especially if it is working with a customer who understands the risks and would like to be an “early adopter.” Sometimes the most prudent approach is to monitor the progress of the technology, especially if the savings potential appears limited. PSE’s effort is not intended for basic research, or product development, but to identify technologies that are available and suitable for its programs.

The most challenging situations arise when vendors propose products that are “too good to be true.” Often their savings claims are supported by testimonials from satisfied customers, with little or no reliable test data. Many technologies, such as transient voltage suppressors, power factor correction devices and paint with high R-Value, have been known for years to save little or no energy, but the vendor may insist their product is different, even though it may only have a different name on the box.



Fortunately, PSE has experience with many of these products, or can readily find others who have had experience. It is important, however, to distinguish between inaccurate claims and those that might truly be the new emerging technology that deserves attention.

G. Commercial Rebates

Schedules E/G 262

1. Purpose

PSE offers prescriptive incentives for select, commonly-applied measures to commercial and industrial customers. These rebates have been developed for measures in which energy savings can be standardized over a wide variety of applications, and where a competitive market pricing structure exists to ensure cost-effectiveness.

2. Description

PSE program staff develops program design, monitors program performance, results, and trends. Programs are coordinated closely with the electric and natural gas Commercial and Industrial Retrofit Program.

Program refinements and cost-effectiveness are reviewed with engineering staff, the Evaluation Team, and the Managers of Residential Energy Management and Business Energy Management as necessary on an ongoing and adaptive basis. Incentive Measures, marketing and the fulfillment process may be modified, as needed, to respond to developments in technology, market conditions, customer acceptance and/or changes in supplier/contractor delivery and pricing. These programs offer prescriptive rebates to qualifying commercial and business customers:

- Commercial Retail Lighting – Lighting To Go
- Commercial Kitchen & Laundry,
- Commercial HVAC,
- Commercial Midstream HVAC and Water Heat Rebates,
- Small Business Direct Install.

3. Program Delivery Method and Implementation Management

PSE implements each of the Business Rebate programs slightly differently than the other. The following table provides an overview of the delivery method (how the customer receives a rebate/remuneration/benefit) and implementation management (which entity manages the delivery of the program).

| Program Name | Delivery Method | Implementation Management |
|---|--|---|
| Lighting To Go | Conservation measures delivered through instant rebates paid to customers that purchase qualifying equipment through a participating Point of Purchase (POP) distributor partner. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. Distributor relations are managed by a third party implementer. |
| Commercial Kitchens | Conservation measures delivered through rebates paid to customers that purchase qualifying equipment and apply for a rebate after the purchase. As part of the regional delivery of this program, in applicable instances PSE will coordinate with overlapping energy providers and the water utility for consideration of potential incentives when those utilities have corresponding rebates. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. Distributor relations are managed by a third party implementer. |
| Commercial Laundry | Conservation measures delivered through rebates paid to customers that purchase qualifying equipment and apply for a rebate after the purchase. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. |
| Commercial HVAC | Conservation measures delivered through rebates paid to customers that purchase qualifying equipment and apply for a rebate after the purchase. | Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. |
| Commercial Midstream HVAC & Water Heat | Conservation measures delivered through rebates paid to customers that purchase qualifying equipment and apply for a rebate after the purchase. | Program manages all measure rebates through a third-party implementer. Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. |
| Small Business Direct Install | Conservation measures through the installation of low-or no-cost measures in customers' eligible structures via a third-party implementer. | Program manages all measure rebates through a third-party implementer. Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff. |

4. Customer Incentives

Most incentives are a fixed dollar amount, usually for a “measure” or “device” that is a “stand alone” unit. Customers can generally select from qualifying models (for instance, ENERGY STAR qualified commercial deep fat fryers). Some incentives are a flat amount per “unit size” of the measure, where unit size may be “per ton” or “per horsepower.” A list of all requirements for eligibility and participation can be found on individual program application forms or participation agreements.

Incentives are paid one of three ways: directly to the customer (although it may be assigned by the customer to the contractor); deducted from the sales price at the point of sale, (in which case the participating vendor may be eligible for an additional sales incentive); or to wholesale distributors to promote sales, stocking of efficient equipment and cost.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within PSE service territory, fuel type (natural gas or electric), product type and product quantity. A detailed list of Energy Efficiency service measures, incentives and eligibility are included below.

a. Eligibility

All Commercial and/or Industrial customers receiving electricity or bundled natural gas service from PSE are eligible. Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for measures offered under this program.

Multifamily-related businesses or those with dwelling units will be referred to the Multifamily Program.

In the rare instances that customers operate a business on residential rate schedules (for instance, out of the home or garage) PSE will offer the appropriate measures providing that the customer is able to show proof of business license, pending individual approval by PSE staff.

b. Commercial Retail Lighting – Lighting to Go

Customers may receive incentives for energy efficient lighting upgrades by purchasing efficient lighting products from approved vendors that provide incentives at point of sale.

| Measure | | Maximum Incentive Amount | Eligibility |
|--------------|-----------------------------------|--------------------------|---|
| LED Lamps | MR16 Lamps | \$3.00 | All LED lamps must be listed on the ENERGY STAR or Lighting Design Lab Qualified Lamp list. All LED fixtures must be listed on the ENERGY STAR, Lighting Design Lab, or Design Lab Consortium Qualified Fixtures Lists. |
| | CFL- LED replacements | \$4.00 | |
| | HID Replacements | \$50 - \$200 | |
| Linear Lamps | Retrofit to TLED (T8 Tubular LED) | \$2.00 per lamp | Based on a lamp-for-lamp exchange. |
| | Retrofit to TLED (T5 Tubular LED) | \$4.00 per lamp | |

Calculated Lighting Measures

Please note: Calculated lighting measures are processed as a part of custom lighting grants, discussed in the C/I Retrofit section of the Business Energy Management Sector chapter. Qualifying measures can be paid at \$0.20/kWh up to a cap of 70 percent of the measure cost.

c. Commercial Kitchens & Laundry

The Commercial Kitchens & Laundry program staff manage several offerings within this program.

i. Commercial Clothes Washers

Eligible customers will receive a rebate based on the energy source for the water heating and/or the energy source fueling the accompanying dryer heat. When the energy for water heating and dryer heating is different, PSE will pay the eligible customer the rebate amount that corresponds to the component of the equipment using energy provided by PSE.

Exhibit 3: Program Details

Qualifying clothes washers must be installed in the following locations and must be commercial-grade equipment: Laundromats, Multi-family, or Lodging facilities.

| Measure | Maximum Incentive Amount | Eligibility |
|---------------------------------|--------------------------|-----------------------|
| High-Efficiency Clothes Washers | Up to \$200.00 per unit | ENERGY STAR qualified |

ii. Dishwashers

Customers will receive a rebate based on dishwasher type and the energy source for water heating and/or a booster heater as outlined by the table below when an ENERGY STAR qualified model is purchased. As a part of the regional delivery of this program, in applicable instances, PSE will coordinate with overlapping energy providers and the water utility for consideration of potential incentives when those utilities have corresponding rebates.

Commercial Dishwasher Rebates

E=electric, G=gas

| Type | Water Heater Type | Booster Type | Electric Rebate | Gas Rebate | Possible Total Rebate |
|---------------------------------|-------------------|--------------|-----------------|------------|-----------------------|
| Under Counter, Low Temp | E | - | \$150 | | \$150 |
| Under Counter, Low Temp | G | - | | \$150 | \$150 |
| Under Counter, High Temp | E | E | \$150 | | \$150 |
| Under Counter, High Temp | G | E | \$150 | | \$150 |
| Under Counter, High Temp | E | G | \$150 | | \$150 |
| Under Counter, High Temp | G | G | \$100 | \$50 | \$150 |
| Door Type, Low Temp | E | - | \$750 | | \$750 |
| Door Type, Low Temp | G | - | | \$750 | \$750 |
| Door Type, High Temp | E | E | \$750 | | \$750 |
| Door Type, High Temp | G | E | \$500 | \$250 | \$750 |
| Door Type, High Temp | E | G | \$500 | \$250 | \$750 |
| Door Type, High Temp | G | G | | \$750 | \$750 |
| Single Tank Conveyor, Low Temp | E | - | \$1,000 | | \$1,000 |
| Single Tank Conveyor, Low Temp | G | - | | \$1,000 | \$1,000 |
| Single Tank Conveyor, High Temp | E | E | \$1,000 | | \$1,000 |
| Single Tank Conveyor, High Temp | G | E | \$750 | \$250 | \$1,000 |

Exhibit 3: Program Details

Commercial dishwasher rebates, continued

| Type | Water Heater Type | Booster Type | Electric Rebate | Gas Rebate | Possible Total Rebate |
|---------------------------------|-------------------|--------------|-----------------|------------|-----------------------|
| Single Tank Conveyor, High Temp | E | G | \$750 | \$250 | \$1,000 |
| Single Tank Conveyor, High Temp | G | G | | \$1,000 | \$1,000 |
| Multi Tank Conveyor, Low Temp | E | - | \$1,500 | - | \$1,500 |
| Multi Tank Conveyor, Low Temp | G | - | - | \$1,500 | \$1,500 |
| Multi Tank Conveyor, High Temp | E | E | \$1,500 | - | \$1,500 |
| Multi Tank Conveyor, High Temp | G | E | \$1,000 | \$500 | \$1,500 |
| Multi Tank Conveyor, High Temp | E | G | \$1,000 | \$500 | \$1,500 |
| Multi Tank Conveyor, High Temp | G | G | - | \$1,500 | \$1,500 |

E=electric, G=gas

iii. Commercial Cooking Equipment

| Measure | Maximum Incentive Amount | Eligibility |
|---------------------------|---|----------------------------|
| Hot Food Holding Cabinets | Electric Hot Food Holding Cabinet - Small Size ($0 < V < 13$ ft ³) | ENERGY STAR V2.0 Qualified |
| | Electric Hot Food Holding Cabinet - Medium Size ($13 \leq V < 28$) | |
| | Electric Hot Food Holding Cabinet - Large Size ($V \geq 28$) | |
| Steamers | Any Size, number of pans (electric & gas) | ENERGY STAR V1.2 Qualified |

Commercial cooking equipment, continued

| Measure | Maximum Incentive Amount | | Eligibility | |
|------------------------------|-----------------------------|---|---|--|
| Deep Fat Fryers | Any Sized Vat – electric | | ENERGY STAR V2.0 Qualified | |
| | Any Sized Vat – natural gas | | | |
| Ovens | Convection | Commercial Natural Gas or Electric Convection Ovens | A list, based on the Food Service Technology Center (FSTC) and combined with ENERGY STAR v2.2 will be made available to commercial kitchen equipment dealers and will be posted on the Company's website. | |
| | | | | \$450.00/Half-size unit (gas) \$500.00/Half-size unit (electric) \$1,000.00/Full-size unit, per cavity (gas or electric) |
| | | | | |
| | Combination, Gas | Natural Gas Combination Oven <15 pans | | \$1,000.00/unit |
| | | Natural Gas Combination Oven 15-28 pans | | \$1,500.00/unit |
| | | Natural Gas Combination Oven >28 pans | | \$7,000.00/unit |
| | Combination, Electric | Electric Combination Oven <15 pans | | \$2,500.00/unit |
| | | Electric Combination Oven 15-28 pans | | \$3,000.00/unit |
| | | Electric Combination Oven >28 pans | | \$7,000.00/unit |
| | Deck/Rack, Electric or Gas | Electric Deck Oven, any size | | \$1,500.00/unit |
| Natural Gas Single-Rack Oven | | \$1,500.00/unit | | |
| Natural Gas-Double-Rack Oven | | \$1,000.00/unit | | |

Exhibit 3: Program Details

Commercial cooking equipment, continued

| Measure | | Maximum Incentive Amount | Eligibility |
|---------------------------|--|--------------------------|----------------------------|
| Griddles, Electric | Electric Griddle – 2 linear feet of cook space | \$500.00/unit | ENERGY STAR V1.2 Qualified |
| | Electric Griddle – 3 linear feet of cook space | \$750.00/unit | |
| | Electric Griddle – 4 linear feet of cook space | \$1,000.00/unit | |
| | Electric Griddle – 5 linear feet of cook space | \$1,250.00/unit | |
| | Electric Griddle – 6 linear feet of cook space | \$1,500.00/unit | |
| Griddles, Gas | Gas Griddle – 2 linear feet of cook space | \$500.00/unit | ENERGY STAR V1.2 Qualified |
| | Gas Griddle – 3 linear feet of cook space | \$750.00/unit | |
| | Gas Griddle – 4 linear feet of cook space | \$1,000.00/unit | |
| | Gas Griddle – 5 linear feet of cook space | \$1,250.00/unit | |
| | Gas Griddle – 6 linear feet of cook space | \$1,500.00/unit | |

iv. Ventilation Equipment

| Measure | Maximum Incentive Amount | Eligibility |
|--|--|--|
| Demand Control Kitchen Ventilation – Electric | Up to \$600.00 per total fan Horse Power (exhaust fan HP + supply fan HP) For units 2 – 30 total HP | A list, based on the CA State Utilities will be made available to commercial kitchen equipment dealers and will be posted on the Company's website. Retrofit applications only - new construction is ineligible |
| Demand Control Kitchen Ventilation – Natural Gas | Up to \$600.00 per total fan Horse Power (exhaust fan HP + supply fan HP) For units 2 – 30 total HP | A list, based on the CA State Utilities will be made available to commercial kitchen equipment dealers and will be posted on the Company's website. Retrofit applications only - new construction is ineligible |

v. Ice Makers

| Ice Harvest Rate (pounds of ice per day) | Incentive Amount | Eligibility |
|---|-------------------|--|
| Cube or Nugget units, less than 1,000 lbs/day | \$200.00 per unit | ENERGY STAR qualified and/or CEE Tier 2 qualified. |
| Cube or Nugget units, greater or equal to 1,000 lbs/day | \$500.00 per unit | |
| Flake Units, less than 1,000 lbs/day | \$200.00 per unit | |
| Flake Units, greater than or equal to 1,000 lbs/day | \$500.00 per unit | |

vi. Sales Performance Incentive Funds

Sales Performance Incentive Funds (SPIFs) are offered through PSE's Commercial Kitchen Point of Sale program for each type of equipment, and range from \$30 to \$50 per unit sold.

Exhibit 3: Program Details

These sales incentives are paid to individual salespeople who sell point-of-sale qualified commercial kitchen equipment to, and process the paperwork for, commercial customers installing in a PSE service area. There may be instances where the company (retailer, reseller, etc.) receives the SPIF.

d. Commercial HVAC

Commercial HVAC retrofit rebates are designed to help PSE’s small and medium commercial customers reduce their energy usage without having to upgrade costly rooftop equipment.

| Category | Measure | Maximum Incentive Amount Each | Maximum Incentive Amount Each |
|----------|--------------------------------|-------------------------------|-------------------------------|
| | | Electric | Gas |
| HVAC | Web Enabled Thermostats | \$200 | \$200.00 |
| | Ductless Heat Pumps | \$500.00 | N/A |
| | Advanced Rooftop Controls | \$250.00 Per Ton | \$50.00 Per Ton |
| | Advanced Rooftop Controls Lite | \$150.00 Per Ton | N/A |

e. Commercial Midstream HVAC & Water Heat

The Commercial Midstream incentive program will work with HVAC and Water Heater Distributors to make high-efficiency HVAC equipment more readily available to PSE customers. This will benefit PSE customers who need an emergency replacement install qualified products from locally-stocked resources.

| Category | Measure | Maximum Incentive Amount Each | Maximum Incentive Amount Each |
|---------------|--------------------------------------|-------------------------------|-------------------------------|
| | | Electric | Gas |
| HVAC | Air Conditioning and Heat Pumps | \$60 - \$160 Per Ton | N/A |
| Water Heating | Condensing Water Heaters and Boilers | N/A | \$3.00-\$5.00/Mbtuh |

5. Small Business Direct-Install

The Small Business Direct Install (SBDI) program is designed to encourage hard-to-reach small business customers to complete energy efficiency upgrades to their facilities and buildings through lighting, refrigeration, and HVAC retrofits. The programs will focus on providing varying levels of business energy assessments to identify basic and complex retrofit opportunities and facilitate participation in PSE's rebate programs, based on segment type, such as hospitality, grocery and agriculture.

a. Eligibility

Qualifying customers are owners, customers and tenants, with appropriate owner consent, of small to mid-sized business structure receiving electricity through PSE commercial Rate Schedule 24, 25 (under 10,000 square feet) and 31G.

Common area facilities supported by commercial meters in multifamily buildings, as defined in electric and gas Schedules 217 and 218 of this Tariff; and structures under construction, as defined in electric and gas Schedules 250, are ineligible for this program.

Qualifying agriculture customers own or operate greenhouses, dairies, livestock production, nurseries, crop farms, food processors, and the like, billing with annual gross sales of \$250,000 or less, or on gas rate schedule 31.

Measures are installed at the customer's site directly by the third party implementer and/or a qualified Trade Ally Network (TAN) representative.

b. Incentives

The majority of the measures are provided at no cost to the customer. Complex measures will require a co-pay by the customer. Incentives payments for measures with a co-pay will be in alignment with the other rebate programs. Incentives are paid to the service provider and/or contractor, and are not intended to be a direct-to-customer rebate.

Exhibit 3: Program Details

c. Measures

Measure categories include, but are not limited to those in the following tables:

Direct Install Electric Measures

| Measure | Eligibility |
|----------------------------|---|
| Aerators | Rated at 0.5 and 1.0 gpm to be installed in hot water applications only. For customers who use electricity or natural gas to heat water. 1.0 gpm aerators will only be installed in commercial kitchens or lodging guest rooms. |
| Anti-Sweat Heater Controls | Must install a device that reduces the energy consumption of the anti-sweat heaters by at least 50% for the glass door (if applicable) and door frame. Technologies that reduce energy consumption of anti-sweat heaters based on sensing humidity only. Does not apply to doors equipped with low/no anti-sweat heat. |
| Auto Door Closers | For reach-in cases, customers shall install new auto door closers which should be applied to the glass door of reach-in case. The reach-in door must have a minimum perimeter of 15 feet. For walk-in cases, the auto-closer should be applied to the main insulated solid door of a walk-in freezer or cooler. The auto closer must be able to firmly close the main door of the walk-in whenever it is closed to within one inch of full closure. |
| Bi-Level Lighting | Occupancy controlled bi-level lighting in stairwells through direct install at no cost to the customer. This measure assumes an existing 2-lamp T-12 or T8 fixture. Bi-level stairwell fixtures with occupancy control are intended for use in areas where high levels of illumination are required to be on all the time to meet emergency egress code requirements in spite of the fact that these areas are often unoccupied. |
| ECM | Electronically commutated motors (ECMs) will replace shaded pole (SP) motors for display case and walk-in evaporator fans. PSE customers shall purchase and install the ECMs or have ECMs installed by PSE's SBDI program. The customer is responsible to ensure any applicable Energy Code requirements are met. |
| Gaskets | Must replace a worn or damaged gasket on a reach-in glass door of a low or medium temperature display case, walk-in freezer and/or walk-in cooler. Gasket is considered "damaged" if a hand can be placed through a gasket and the frame, and a tear is 6" and greater. Replacement gaskets must meet the manufacturer's specifications regarding dimensions, materials, attachment method, style, compression, and magnetism. |
| HID Retrofits | LED fixtures installed under this rebate must be qualified under one of the following programs: ENERGY STAR, DesignLights Consortium, or the Lighting Design Lab. Each exterior fixture installed will have a photocell. |

Direct Install electric measures, continued

| Measure | Eligibility |
|--|---|
| In-Room Occupancy Sensors (Lodging) | Lodging Customers shall install either stand-alone guest room HVAC occupancy controls with automatic, unoccupied setback capabilities or a networked guestroom control with similar capabilities. Unoccupied set points must be a minimum of 5 degrees F from the occupied set point. |
| Integral LED | LED lamps installed under this rebate must meet the same qualifications as programs: Energy Star, DesignLights Consortium, or the Lighting Design Lab. |
| LED Canopy Lighting | LED fixtures installed under this rebate must be qualified under one of the following programs: ENERGY STAR, DesignLights Consortium, or the Lighting Design Lab. Each fixture installed will have a photocell. To align with PSE's other commercial lighting program, the following specifications also apply: Must replace existing 320w or 400w HID fixture with a LED fixture; the fixtures must be hardwired to prevent the future installation of less-efficient lamps; LED lights must have minimum CRI of 80 and provide a minimum of 70% of initial lumens at 50,000 hrs; Manufacturer's warranty must be a minimum of five years. |
| LED Exit Sign | LED Exit Signs must use 5 Watts or less and have a 5 year Manufacturer's Warranty. |
| LED Open Sign | Installed signs must have an efficiency (lumens/Watt) of 80 or greater, must be complete new LED fixtures, and LED Replacement signs will operate at a maximum of 11-watts when on, and draw zero measureable watts when off. |
| Night Covers | A night cover applied to open-type refrigerator and freezer display cases in vertical, semi-vertical, and horizontal displays. The night cover must be in place at least six hours in a 24-hour period. |
| Occupancy Sensors | Must allow for both infrared (IR) and sonic detection |
| Packaged Terminal Heat Pump | New packaged Terminal Heat pumps must meet or exceed current Washington state energy code by a minimum of 10%. |
| Pre Rinse Spray Valve | Rated at 0.65 gpm to be installed in hot water applications only. Food service entities that use gas to heat water. |
| Refrigerated Beverage cooler controllers | Any non-hardwired commercially used cooler not containing perishable items and will not contain them in the future. Must be part of the direct installation program. |

Exhibit 3: Program Details

Direct Install electric measures, continued

| Measure | Eligibility |
|----------------------------|--|
| Refrigerated Case Lighting | Must consume between 4.0 and 7.5 W of electricity per linear foot and listed on either the Lighting Design Laboratory or the Design Lights Consortium qualified lists for linear LED lamps. Fixtures must be hardwired. |
| Retrofit to TLED | Baseline savings will be based on the existing T12 or T8 lamp wattage and replacement using a 10W TLED lamp. Fluorescent lamp and ballast will be removed and replaced with a ballast by-pass TLED. Lamp must be ENERGY STAR or Design Lights Consortium Listed. |
| Showerheads | Must replace existing showerhead (assumed 2.5 GPM) with a 1.5 GPM showerhead. |
| Smart Strips | Must be UL listed, Installed in Workplace setting. Measure does not include timer strips. May be load or activity sensing. |
| Strip Curtains | Strip curtains, made generally of clear PVC strips, must be nominally between 4' to 8' wide and between 0.060" to 0.080" thick and clear enough to allow for see-through visibility. This measure consists of new strip curtains installed on doorways of refrigerated freezer or cooler boxes. This measure is NOT eligible for display cases or for replacing existing strip curtains. |

Direct Install Natural Gas Measures

| Measure | Eligibility |
|--|---|
| Pre-rinse sprayers - gas heated hot water | Rated at 0.65 gpm to be installed in hot water applications only. Food service entities that use gas to heat water. |
| Aerator - gas heated hot water | Rated at 0.5 and 1.0 gpm to be installed in hot water applications only. For customers who use electricity or natural gas to heat water. 1.0 gpm aerators will only be installed in commercial kitchens or lodging guest rooms. |
| Super Low Flow Showerhead - gas heated hot water | Must replace existing showerhead (assumed 2.5 GPM) with a 1.5 GPM showerhead. |
| Web Enabled Thermostats | <ol style="list-style-type: none"> 1) Must be connected and able to be accessed remotely 2) Must be able to maintain settings during power failure. 3) Must allow seven-day programming, temporary manual override and manual selection for fan operation. |

Direct Install natural gas measures, continued

| Measure | Eligibility |
|---------------------------|---|
| In Room Occupancy Sensors | Hospitality Customers shall install either stand-alone guest room HVAC occupancy controls with automatic, unoccupied setback capabilities or a networked guestroom control with similar capabilities. Unoccupied set points must be a minimum of 5 degrees F from the occupied set point. |

6. Target Market

Rebate Measures are targeted to appropriate commercial markets, including but not limited to: Large Office, Small Office, Large Retail, Small and Specialty Retail, Restaurants, Commercial Laundries, Hotels/Lodging, Groceries, Convenience Stores, Hospitals, HealthCare/ Assisted Living, Schools, Property Management, Farms and Agricultural businesses.

Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for Measures and incentive amounts offered under this program. Multifamily related businesses or those with dwelling units are served under the Multifamily Retrofit programs, Schedules E217 and G217.

In the rare instance that customers operate a business on residential rate schedules (for instance, out of the home or garage) PSE will offer the appropriate measures to them specifically tied to their type of business providing that the customer is able to show proof of current business license.

7. Marketing and Outreach Plan

PSE's Commercial Rebates programs deliver prescriptive rebates on commercial kitchen, laundry, HVAC and lighting equipment for small and medium-sized business customers through its network of trade ally partners. By partnering with local contractors, distributors and third party vendors, PSE's Trade Ally Network offers its commercial customers a trusted and reliable network of trained professionals who can install energy-efficient equipment and offer upgrades tailored to their specific business needs.

Exhibit 3: Program Details

The goal for Commercial Rebates 2020-2021 marketing and Outreach Plan is to reach small and medium-sized business customers through targeted advertising, email, direct mail, social media, earned media and community outreach to build awareness of and drive participation in PSE's energy efficiency programs and rebates.

The objective for Commercial Rebates is to anticipate business customers' needs and deliver to them tailored energy efficiency solutions that help them use less energy and save more money. This will be achieved through the following more specific objectives:

- **Customer awareness:** Continually and regularly notify and alert customers via multiple channels that PSE has energy efficiency programs and rebates for businesses of all sizes that save them money.
- **Market intelligence:** Conduct research to create segmentation, heat mapping, and propensity models to develop a targeted strategy for delivering marketing messages and offers to the appropriate decision makers dependent on the different type and size of the business. Utilize data analytics to effectively deliver outreach campaigns in communities where they are needed most.
- **Strategic partnerships:** Collaborate with cities, municipalities, communities and organizations to extend the reach of program offers, drive savings, build brand credibility and foster community involvement.
- **Contractor referrals:** Provides customers referrals to trusted, reliable and safe contractors to help them chose the right energy-efficient equipment and upgrades and drive participation in rebates.
- **Self-service tools:** Design campaigns and promotions utilizing online, self-service tools that eliminate barriers to participation and streamline the rebates process.
- **Customer satisfaction:** Improve relationships with customers by offering first-rate products and offers, access to contractor network and providing stellar service, as well as measuring satisfaction post-installation.
- **Education:** Help customers understand how PSE's myriad energy efficiency options can save them money, both in the short-term and long-term, no matter how large or small the upgrade.

The Commercial Rebates programs will endeavor to accomplish their goal and objectives by focusing on the following strategies and tactics by program:

Commercial Retail Lighting – Lighting To Go

PSE offers commercial customers retail lighting offerings through the Lighting to Go program, which partners with distributors and showrooms to offer rebated product to commercial contractors. This point of sale approach provides discounts which are passed on to the customer, encouraging greater uptake of more efficient lighting options.

To promote these products, marketing efforts will encourage participation by building program awareness across distributor, showroom, and contractor channels. Specific activities may include:

- Disbursement of point of purchase (POP) signage for participating instant rebate vendors, supported by professional field service staff.
- Development of marketing collateral that provides increased awareness of PSE Lighting to Go program rebates, delivered to contractors through various interaction points.
- Promote contractor education on how to access discounted products.

Commercial Kitchen & Laundry

PSE offers commercial kitchen and laundry rebates to restaurants and other owners/managers of commercial kitchens (school cafeterias, corporate cafeterias, church kitchens, etc.), and laundry operations.

To promote these products, marketing efforts will encourage participation by building program awareness across distributor, retailer and customer channels.

Specific activities may include:

- Targeted marketing and outreach strategy utilizing segmentation research with a specific emphasis on lodging/hospitality industry and laundry segments.
- Cross-promotion of products to customers who have already participated in other commercial efficiency programs.
- Collaboration with restaurant supply distributors to co-promote commercial kitchen rebates and incentives.
- Collaboration with kitchen equipment manufacturers to develop limited-time offers to drive participation in rebate program.

Exhibit 3: Program Details

- Disbursement of point of purchase (POP) signage for participating instant rebate vendors, supported by professional field service staff.
- Identify opportunities and develop strategy for promoting equipment upgrades and rebates to multilingual customers.
- Promotion of rebates to business customers at relevant industry trade shows
- Participation in small business outreach activities to cross-promote commercial kitchen and laundry programs as part of a comprehensive business energy assessment.
- Coordinated marketing and outreach efforts to promote participation in community engagement events or direct install “blitzes”.
- Enhanced city engagement to demonstrate community partnerships with city staff, elected officials and chambers of commerce.
- Collaboration with local retailers in blitz communities to provide exclusive efficiency offers for commercial and residential customers.
- Cross-promotion of other relevant commercial rebate programs to encourage replacement of aging and inefficient HVAC, kitchen and laundry equipment
- Promotion of rebates to business customers at relevant industry trade shows
- Develop a custom communications approach tailored to the customer segment
- Using research and survey results to continue to improve customers’ awareness, engagement and education.

Community Outreach and Events

Local outreach and events staff will focus on developing and implementing strategies to promote program offerings as follows:

- Presentations to chambers of commerce, visitors and convention bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Partnering with municipalities to target small to mid-size business in select communities to deliver small business door-to-door blitzes.
- Continue to identify, build and leverage partnerships with organizations that support multicultural business owners in order to create equity and inclusion. Ensuring that PSE connects these hard-to-reach customers to its programs in a way that is easy and meaningful to the customer.

- Leverage relationships with local governments and other partnering entities to gain awareness of new commercial and industrial developments, and connect developers with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Identify cross-promotional opportunities for other PSE programs (SBDI, BEM, etc.).
- Provide support to the Commercial Food Service team to identify and support events, trainings, webinars, expos and conferences.
- Explore developing targeted, in-house events for the Commercial Food Service customers.
- Provide and manage event kit displays for Commercial Food Service related programs.
- Track metrics around event participation and impressions and engagements to drive tactics and strategy in order to remain nimble and ready to serve this unique customer base, including the use of trackable URLs on collateral meant to be used at events

Commercial HVAC

Commercial customers will learn about the program through awareness building activities. Such activities include targeted messaging delivered directly to selected business through email and other digital efforts. Additionally, program awareness will be created on PSE's behalf from lighting distributors, trade allies, and contractors when they interact with customer located in its service territory.

A section on the Website will be built out to contain relevant information around commercial HVAC and water heating product options, potential energy savings, estimated product & installation costs, and contact information for PSE's Commercial HVAC and water heating specialists. Additionally, PSE will build out its commercial business followers on various social media platforms so it can connect with them, share relevant information and white papers, and begin to position PSE as a trusted expert in the field of commercial HVAC and water heating.

Marketing, Communication, and Event/Outreach personnel will partner with a commercial HVAC and water heating SME (Subject Matter Expert) on developing and implementing strategies designed to build program awareness and installation of commercial HVAC and water heating solutions.

Exhibit 3: Program Details

Potential programs and tactics may include:

- Presentations to chambers of commerce, visitors and convention bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Continue to identify, build and leverage partnerships to identify upcoming building projects and then connect with distributors, trade allies, and contractors to make them aware of program offerings during the early stages of the project.
- Leverage relationships with key wholesalers, distributors, contractors, and trade allies to gain awareness of new commercial and industrial developments, and consider offering them a nominal stipend for each referral that results in a completed project.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Provide support to the Commercial Space Heat team to identify and support events, trainings, webinars, expos and conferences.
- Provide and manage event kit displays for small to medium business related programs.
- Develop digital and printed copies of program collateral highlighting the lighting program, benefits, and advantages. These materials will be distributed widely during events, presentations, and meetings to wholesalers, distributors, contractors, trade allies, and to business customers.
- Track metrics around event participation and impressions and engagements to drive tactics and strategy in order to remain nimble and ready to serve this unique customer base, including the use of trackable URLs on collateral meant to be used at events.

Small Business Direct Install

The Small Business Direct Install (SBDI) program is designed to encourage hard-to-reach small business customers to complete energy efficiency upgrades to their facilities and buildings through lighting, refrigeration, and HVAC retrofits. The programs will focus on providing varying levels of business energy assessments to identify basic and complex retrofit opportunities and facilitate participation in PSE's rebate programs, based on segment type, such as hospitality, grocery and agriculture.

The Puget Sound region is blossoming with diversity which indicates there are exciting opportunities to learn and serve new audience groups. According to the Puget Sound Regional Council, there are five cities in PSE's service territory with majority-minority populations including SeaTac, Renton, Kent, Federal Way and Bellevue. PSE aims to address barriers and build equity and inclusion into the SBDI program.

The source of trust for these groups come from within their communities, initiatives and organizations that bring value to their lives and businesses. PSE will continue to identify and leverage the sources of trust relevant to these small businesses to position itself as part of the community. By doing this, the brand will be able to transcend across the priority multicultural audiences. Building on the Pilot phase 1 in 2019, PSE will continue to develop a strategy that seamlessly integrates multicultural perspectives and outreach tactics.

To promote these programs, marketing efforts will encourage participation by targeting commercial business owners and operators, small business tenants, and contractor channels.

Marketing activities may include:

- Coordinated marketing and outreach efforts to promote participation in community engagement events or direct install blitzes.
- Enhanced city engagement to demonstrate community partnerships with city staff, elected officials and chambers of commerce.
- Collaboration with local retailers in blitz communities to provide exclusive efficiency offers for commercial and residential customers.
- Cross-promotion of other relevant commercial rebate programs to encourage replacement of aging and inefficient HVAC, kitchen and laundry equipment
- Cross-promotion of product and rebate offerings to residential customers in blitz communities.
- Promotion of rebates to business customers at relevant industry trade shows.
- Develop a custom approach for more complex small business types such as hospitality, agriculture and grocery.

Trade Ally Network (TAN)

- Support a data-driven performance framework to manage trade allies operating in PSE energy efficiency programs
- Drive customer referrals for all REP related products and services to REP.

Exhibit 3: Program Details

- Develop updated suite of marketing collateral and training opportunities for contractors to drive awareness of PSE's energy efficiency rebates and offers.
- Targeted and innovative advertising campaign to promote REP as a trusted resource of pre-screened, independent trade allies committed to helping customers make safe, dependable and efficient energy choices.

Community Outreach and Events

Local outreach and events staff will focus on developing and implementing strategies to promote program offerings as follows:

- Presentations to chambers of commerce, visitors and convention bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Partnering with municipalities to target small to mid-size business in select communities to deliver small business door-to-door blitzes.
- Continue to identify, build and leverage partnerships with organizations that support multicultural business owners in order to create equity and inclusion within the small business direct install program and outreach. Ensuring that PSE connects these hard-to-reach customers to its programs in a way that is easy and meaningful to the customer.
- Leverage relationships with local governments and other partnering entities to gain awareness of new commercial and industrial developments, and connect developers with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Collaborate with other PSE programs to provide a comprehensive suite of services to a particular geographical area i.e. the "bonanza model".
- Identify cross-promotional opportunities for other PSE programs as well as EnviroStars.
- Provide support to the small business team to identify and support events, trainings, webinars, expos and conferences.
- Developing special events for the SMB sector such as lunch and learns for specific business segments within this customer base.



- Provide and manage event kit displays for small to medium business related programs.
- Track metrics around event participation and impressions and engagements to drive tactics and strategy in order to remain nimble and ready to serve this unique customer base, including the use of trackable URLs on collateral meant to be used at events.

Exhibit 3: Program Details

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V. REGIONAL PROGRAMS

A. Northwest Energy Efficiency Alliance

Schedule E254

1. Description

NEEA is a non-profit organization working to accelerate the innovation and adoption of energy-efficient products, services and practices in the Northwest. As a partner with NEEA, Puget Sound Energy contributes funding for regional energy efficiency initiatives, actively participates on NEEA's Board of Directors and advisory committees, and supports various related initiatives in the Puget Sound Energy service area.

The NEEA 2015-2019 Business Plan, adopted in 2014, focuses on creating lasting change in energy efficiency in the Northwest through strong partnerships with the region's utilities and market actors. The 2015-2019 business plan was developed through a participatory year-long strategic planning process with the NEEA Board and region as a whole. The Business Plan provides for some flexibility, allowing funders to conduct some market transformation activities themselves, and has a five-year total regional savings goal of at least 145 average megawatts (aMW).⁸ Further information about NEEA's history, structure, initiatives and press is available on [NEEA's website](#).

a. Regional Electric Market Transformation

The NEEA Board approved an operating budget of \$169 million in funding for 2015 – 2019 market transformation initiatives from Northwest utilities including the Bonneville Power Administration (BPA) (on behalf of more than 130 utilities), Puget Sound Energy, Energy Trust of Oregon, Idaho Power, Avista Corporation, PacifiCorp, Seattle City Light, Tacoma Power, Snohomish County PUD and others.

⁸ Please see NEEA's 2015-2019 Business Plan at: <http://neea.org/docs/default-source/default-document-library/neea-2015-19-business-plan---board-approved.pdf?sfvrsn=2>

b. Regional Natural Gas Market Transformation

In 2020-2021 NEEA intends to continue development of five key natural gas initiatives, as discussed in Exhibit 10:

- Natural gas heat pump water heaters,
- Combination water and space heat systems,
- Natural gas clothes dryers,
- Rooftop HVAC, and
- Hearth products,

consistent with its 2015-2019 Business Plan and its pending 2019 Operations Plan.

NEEA estimates that the first of these products to yield therm savings may potentially be 0.67 natural gas water heater.⁹ There is also a slight chance that the gas heat pump water heater may also yield savings in the Northwest Region, although it is too soon to estimate the amount of savings or state in which the potential savings may be acquired.

PSE's share of the natural gas market transformation funding is 41.25 percent, with a 2019 total of \$2.43 million.

B. Production and Distribution Efficiency

Schedule E292

1. Purpose

The purpose of the Production and Distribution Efficiency program is to evaluate and implement energy conservation Measures within PSE's own generation and distribution facilities.

⁹ Although excluded from the initial five pilot measures, NEEA's natural gas market transformation budget also includes a scanning function. This activity provides for NEEA staff to examine the energy-efficiency marketplace for new technologies that may be incorporated into the suite of offerings.

2. Description

The Production and Distribution Efficiency program involves implementing energy conservation Measures within PSE's own production and distribution facilities that prove cost-effective, reliable and feasible. Within production facilities (power generation), conservation Measures reduce ancillary loads at the site and exclude efficiency improvements made to the generating equipment itself. These Measures may include, but are not limited to, lighting upgrades, variable speed drives and compressor upgrades. For transmission and distribution (T&D) efficiency, improvements are implemented at PSE's electric substations. These improvements focus on measures like phase balancing and conservation voltage reduction (CVR) (also referred to as voltage optimization [VO]). The methodology used to determine CVR savings is the Simplified Voltage Optimization Measurement and Verification Protocol provided by the Regional Technical Forum.

Analyses performed during 2020-2021 planning revealed that there are no cost-effective measures available for PSE generation facilities. Program staff will maintain examination of these facilities in 2020 and will adjust its 2021 Annual Conservation Plan, should conservation opportunities in generating facilities become cost effective.

For the 2020-2021 biennium, PSE plans to implement CVR at substations most likely to provide cost-effective energy savings. CVR involves lowering the feeder voltage settings in order to receive energy savings when operating the distribution system more efficiently and within the ANSI Standard of 114 – 126 V. The plan for CVR implementation includes required system upgrades, implementation of RTF prescribed measurement & verification protocols, as well as the required phase-balancing work, which is a precursor to successful CVR implementation. Energy Efficiency staff closely coordinate with PSE engineering staff, system planning teams, and major project teams to plan, track, report, and coordinate potential CVR projects. PSE's engineering, system planning, and third-party design teams engineer the projects, while PSE's major projects and third-party contractors build the projects.

These programs will operate under Schedule 292 and require coordination between various PSE departments.

The review, classification, project design, and implementation is a dynamic process. As the profile of customer demand on a particular circuit evolves, so too does the circuit's feasibility for CVR: only select distribution substations prove to be eligible for CVR. Circumstances that impact a circuit's CVR viability include, but are not limited to:

- The number of three-phase customers,
- The number of solar/net metered customers on the circuit,
- The potential for phase balancing,
- Potential load growth,
- Reliability issues with the suggested voltage settings,
- Difficulty of implementing CVR on Distribution Automation (DA) enabled circuits due to lack of integration with Advanced Distribution Management System (ADMS),
- Ratio of residential and small commercial in the substation,
- There are also instances in which, after applying the CVR feasibility study on a circuit, a voltage *increase* is required, rather than a reduction.

As of the third quarter of 2019, there are approximately 158 substations that have a potential for CVR. 10 have had CVR implemented, with an additional 4 in progress in 2019

The plan for CVR implementation includes required system upgrades, implementation of RTF prescribed measurement & verification protocols, as well as the required phase-balancing work, which is a precursor to successful CVR implementation. There are 8 projects slated for 2020-2021: 3 in 2020 at substations most likely to provide cost-effective energy savings to customers from this added level of monitoring and control.

A significant expansion in CVR project implementation is planned in future years, this expansion is tied to the implementation of the Advanced Metering Infrastructure (AMI) project and substation automation project. These two projects will enable Voltage Var optimization, an improved CVR method that allows for deeper levels of savings over PSE's current CVR implementation method of line drop compensation (LDC). For the 2020-2021 Biennial Conservation Plan, staff is anticipating to budget for a study that provides an updated methodology for energy savings determination for Voltage Var CVR projects. The pace of CVR implementation is planned to be increased in future Biennial plans, after the transition to volt-var optimization and with continued AMI and substation automation project rollouts.

C. Targeted Demand-Side Management (Targeted DSM)

Schedule E/G219

1. Purpose

The Targeted DSM (TDSM) program works to support the Delivery System Planning (DSP) efforts of the Electric and Natural Gas infrastructure planning teams. Specifically as related to Non Wires Alternatives (NWA) and Non Pipe Alternatives (NPA) analysis. The TDSM analysis coupled with the renewables (PV, CHP) analyses will determine the Distributed Energy Resources (DER) potential. Additionally, the Energy Storage System (ESS) analysis will round out the NWA potential (DER+ESS). If available, TDSM efforts may help in deferring traditional pipes and wires T&D projects (NWA Projects).

2. Description

Targeted DSM (TDSM) is an Energy Efficiency initiative to identify localized conservation and demand response potential, develop plans to achieve a defined percentage of that potential, then implement those plans to deliver identified energy efficiency and capacity savings.

The Targeted DSM program uses avoided costs for a specific municipality to calculate the cost-effectiveness of conservation measures. This allows PSE to offer rebates and incentives to PSE customers in these locations that are higher than those in its broader service territory. These rebates and incentives are available only during the duration of the specific NWA Project, as determined by PSE.

3. Eligibility

Eligible customers will be served by a proposed NWA Project where a non-wired and/or non-pipe alternative analysis has determined TDSM to be cost effective in deferring said project. Qualifying customers are owners, customers and tenants, with appropriate owner consent, of single-family, multifamily, or commercial and Industrial structures. Measures are installed at the customer's site directly by the third party implementer and/or a qualified Contractor Alliance Network representative.

4. Delivery Method

The Targeted DSM program effects conservation measures through the installation of low-or no-cost measures in customers' eligible structures via a third-party implementer.

5. Implementation Management

The Targeted DSM measures are managed within the purview of the TDSM Program. Program staff manage all measure rebates through a third-party implementer. Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff.

6. Measures

Targeted DSM measures are offered in specific localized Non-Wires, or Non-Pipes, Alternative (NWA) T&D deferral project (NWA Project) areas, and are subject to revisions: offering duration is limited to the length of the NWA project. Incentive amounts are calculated based on the localized avoided cost for the specific NWA project.

Exhibit 3: Program Details

Targeted DSM Electric Measures – Bainbridge Island NWA Project area

Single Family Existing Electric Measures

| Category | | Measure | Maximum Incentive Amount Each |
|---------------|---|---|-------------------------------|
| Controls | | Smart Thermostat | \$250.00 |
| Heating | Heat Pumps | Unitary Heat Pump Rebate = 10.0 HSPF, 16 SEER | \$1,250.00 |
| | | Ductless Heat pump Code Upgrade | \$2,115.00 |
| | | Ductless Heat Pumps using inverter technology Site built Homes | \$2,700.00 |
| | | Ductless Heat Pumps in Manufactured Homes | \$3,895.00 |
| | | Energy Star® Geothermal Heat Pump | \$3,190.00 |
| | | Forced-air furnace to Heat Pump Conversion (Site Built Homes) 8.5 HSPF, 16 SEER | \$3,190.00 |
| | | Forced-air furnace to Heat Pump Conversion (Manufactured Homes) 8.0 HSPF, 14 SEER | \$3,895.00 |
| | | Heat Pump Sizing & Lock out Controls | \$600.00 |
| Water Heating | NEEA Northern Climate Specs Heat Pump Water Heater - Tier 2 | | \$625.00 |
| | NEEA Northern Climate Specs Heat Pump Water Heater – Tier 3 or equal to .95 EF) | | \$625.00 |

Single Family Existing electric measures, city of Bainbridge, continued

| Category | Measure | Maximum Incentive Amount Each |
|---|--|---|
| Weatherization | Attic Insulation (R-0 to R-49) | Up to \$840.00 per dwelling unit |
| | Attic Insulation (R-11 to R-49) | Up to \$840.00 per dwelling unit |
| | Floor Insulation (R-0 to R-30) | Up to \$280.00 per dwelling unit |
| | Wall Insulation (R-0 to R-13) | Up to \$560.00 per dwelling unit |
| | Whole House Air Sealing | Up to \$490.00 per dwelling unit |
| | Prescriptive Air Sealing – attic and crawl space | Up to \$200.00 per dwelling unit |
| | Prescriptive Duct Sealing and Insulation | Up to \$560.00 per dwelling unit |
| | Prescriptive Duct Sealing Only | Up to \$420.00/dwelling unit |
| | Energy Star Whole House Ventilation | Up to \$210.00 per unit |
| | Home Performance with Energy Star Rebate | Up to \$560.00 per dwelling unit |
| | Floor Insulation R-0 to R-22 – Manufactured Home | Up to \$840.00/dwelling unit |
| | Prescriptive Duct Sealing – Single Wide – Manufactured Home | Up to \$280.00/dwelling unit |
| | Prescriptive Duct Sealing – Double/Triple Wide – Manufactured Home | Up to \$560.00/dwelling unit |
| | Windows | Upgrade single-pane wood or metal frame windows to a 0.30 U-factor or better. |
| Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | | \$70.00 per window, up to \$1,050.00 per structure |

Exhibit 3: Program Details

Multifamily Retrofit Electric Measures

| Category | Measure | Maximum Incentive Amount Each |
|----------|------------------------------------|-------------------------------|
| HVAC | Electronic Line Voltage Thermostat | \$50.00 |
| | Smart Thermostat | \$250.00 |
| | Ductless Heat Pump | \$2,500.00 |

Targeted DSM Natural Gas Measures – City of Duvall NWA Project area

Single Family Existing Natural Gas Measures

| Category | Measure | Maximum Incentive Amount Each |
|---------------|--|-------------------------------|
| Controls | Smart Thermostat | \$250.00 |
| Heating | Energy Star® qualified Gas Furnace, 95% AFUE | \$600.00 |
| | Energy Star® qualified Boilers (greater than or equal to 95% AFUE) | \$1,350.00 |
| | Integrated Space/Water Heating Systems with Energy Star® Tankless or Energy Star® Boiler | \$1,525.00 |
| Water Heating | .67 EF Tank Water Heater | \$150.00 |
| | .91 Tankless Water Heater | \$800.00 |

Single Family Retrofit natural gas measures, City of Duvall, continued

| Category | Measure | Maximum Incentive Amount Each |
|-----------------------|---|--|
| Weatherization | Whole-House Air Sealing | Up to \$490.00/dwelling unit |
| | Prescriptive Duct Sealing and Insulation | Up to \$560.00/dwelling unit |
| | Prescriptive Duct Sealing Only | Up to \$420.00/dwelling unit |
| | Prescriptive air sealing – attic and crawl space | Up to \$280.00/dwelling unit |
| | Attic Insulation (R-0 to R-49) | Up to \$840.00/dwelling unit |
| | Attic Insulation (R-11 to R-49) | Up to \$840.00/dwelling unit |
| | Floor Insulation (R-0 to R-30) | Up to \$280.00/dwelling unit |
| | Wall Insulation (R-0 to R-13) | Up to \$560.00/dwelling unit |
| | Home Performance with Energy Star Rebate | Up to \$560.00 |
| | Floor Insulation R-0 to R-22 – Manufactured Home | Up to \$840.00/dwelling unit |
| | Prescriptive Duct Sealing – Single Wide – Manufactured Home | Up to \$280.00/dwelling unit |
| | Prescriptive Duct Sealing – Double/Triple Wide – Manufactured Home | Up to \$560.00/dwelling unit |
| Windows | Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better. | \$70.00 per window, up to \$1,050.00 per structure |
| | Upgrade single-pane with wood or metal frame windows to a 0.30 U-factor or better – Manufactured Home | \$70.00 per window, up to \$1,050.00 per structure |

Exhibit 3: Program Details

Multifamily Retrofit Natural Gas Measures

| Category | Measure | Maximum Incentive Amount Each |
|------------|--|-------------------------------|
| HVAC | Smart Thermostat | \$250.00 |
| | Integrated Space/Water Heating Systems with Energy Star® Tankless or Energy Star® Boiler (In-Unit) | \$1,525.00 |
| | High Efficiency Natural Gas Fireplace (In-Unit) | \$550.00 |
| | Energy Star® qualified Boilers (In-Unit) | \$1,350.00 |
| | Energy Star® qualified Gas Furnace, 95% AFUE (In-Unit) | \$600.00 |
| Water Heat | .90 EF Tankless Water Heater | \$800.00 |
| | .67 EF Tank Water Heater | \$100.00 |

7. Target Market

PSE customers living in specifically-identified localized NWA Project areas.

8. Marketing and Outreach Plan

Communications for the Targeted DSM program will be customized for each targeted locality. Only Direct Marketing to eligible customers will be utilized.



VI. PORTFOLIO SUPPORT

Exhibit 3: Program Details

A. Data and Systems Services

The Data and Systems Services organization performs the critical role of planning, development, support, and enhancement of Energy Efficiency systems and tools. The team manages the ongoing support of the department's Demand Side Management central (DSMc) system, which:

- Compiles and tracks Energy Efficiency programs, projects and measures, and
- Creates reporting, forecasting, and business performance metrics.

The Data and Systems Services organization also conducts analytics by understanding and presenting program data as meaningful knowledge and insights. The team is responsible for reviewing and ensuring data integrity from a wide variety of sources, including vendors, program staff, and contractors.

B. Rebates Processing

Rebates Processing functions include intake, qualification, payment and customer service, as well as process improvement in the customer experience.

Improvements include, but are not limited to, redesigning rebate forms for clear instructions and qualifying criteria, analyzing rejection reasons for the root cause of non-qualified rebates, and simplifying the application process for customers.

1. Description

The Rebates Processing budget is predominantly labor and includes training, planning and development costs projected by Rebate Processing staff.

Rebates Processing roles include:

- Intake, qualifying, data entry, and incentive payment processing;
- Communicating with customers regarding the rebate submittal, including status and payment;
- Collaborating with the Energy Advisors to provide a seamless and efficient customer experience;
- Demonstrating best practices and continuous improvement;
- Coordinating timely customer payment with PSE Accounts Payable.

2. Target Markets

Rebates Processing staff are integral to PSE's Residential and Business Energy Management groups' energy savings and target needs.

C. Verification Team

As one of the key "V" components in EM&V, PSE's Verification Team performs on-site inspections and confirmations of randomly-selected participating homes and businesses to assure energy efficiency measures are properly installed. Combined with other Evaluation and Measurement functions, the Verification Team seeks to secure both confidence in claimed energy savings and improvements in program quality.

Exhibit 8: *Evaluation, Measurement & Verification*, introduces M&V protocols to be used across the Energy Efficiency functions.

1. Verification Team Guidelines

PSE created the "Measurement & Verification: Policies, Guidelines, Protocols & Processes" document in response to Condition (6)(f)(ii):¹⁰

"Measurement & Verification – PSE shall provide detailed descriptions of its measurement & verification (M&V) policies, protocols, guidelines, and processes to the CRAG [Conservation Resources Advisory Group] for review and advice. Additionally, PSE shall provide to the CRAG an estimate of the costs associated with the detailed M&V plan and PSE will maintain activities at levels that are at least commensurate with regional peers."

The document provides detailed descriptions of PSE M&V policies, protocols, guidelines and processes.

Verification of energy efficiency installations: This is conducted in multiple venues through review of documentation, surveys and on-site inspections. To ensure the accuracy of program and measure savings claims, verification activities encompass many different steps, including invoice and calculation reviews, on-site inspections and phone verifications among others.

¹⁰ Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets under RCW 19.285, Docket UE-100177.

Exhibit 3: Program Details

Verification of energy savings: Energy Efficiency programs have documented procedures in place to fully verify measure savings. Verification procedures described in the Verification Manual vary depending on measure, participant, or program type. Practices documented in the Verification Manual detail expectations for all stakeholders including Program Implementation Staff, program participants and installation contractors. The processes most reflective of day to day functions of the Verification Team are the pre and post-installation inspections described in the Manual.

D. Programs Support

The Programs Support organization, as its name implies, provides critical services to Energy Efficiency program staff. These services allow program staff to focus on achieving cost-effective conservation savings while prudently using ratepayer funds. The Programs Support team's role is particularly critical during Energy Efficiency planning periods, as they facilitate several planning initiatives for program staff, manage the RFP/RFI process, and produce and maintain many Energy Efficiency process manuals. Their role also includes support of other groups within Energy Efficiency, including the Data and Systems Services team, Evaluation, and Rebates Processing. Program Support roles include:

- Biennial and strategic program planning support;
- Customer experience – Energy Efficiency program participation surveys;
- Manage and facilitate BCP planning including stakeholder integration and RFP/RFI bidding activities;
- Writing, creating and maintaining Energy Efficiency Manuals and Procedures;
- Provide tools for employee engagement;
- Plan energy efficiency communications, schedule activities and implement OCM activities
- Produce literary compositions, articles, reports presentations or other texts;
- Manage document control, business cases, contracts, applications and invoices related to energy efficiency
- Trade ally support; and
- Best practices and continuous improvement.

E. Trade Ally Memberships

Trade Ally Support manages PSE membership costs in Energy Efficiency (EE) trade associations. These organizations stand apart from other trade memberships managed in individual Energy Efficiency programs in that they provide comparatively broad-based EE research, training and/or implementation support services.

Trade Ally Support organizations provide education, information and related services for:

- The adoption or expansion of energy-efficiency products, services, and practices; and
- Conducting research toward the development of new, or improved validation or delivery of existing conservation measures, programs and services.

1. Description

The Trade Ally Support line item budgets and tracks only annual membership dues or Energy Efficiency services subscriptions PSE pays to broad-based industry trade and research organizations who perform and support ongoing development and implementation of Residential and Business Energy Management programs. PSE participates in and utilizes the services of many such organizations to support delivery, management, and promotion of energy efficiency services. Utility, customer, and service provider benefits primarily include education and information exchange on end-use technologies, energy legislation, efficiency services, and related industry trends.

Other Trade Ally expenses not related to dues, for example conference attendance by PSE Energy Efficiency staff, are budgeted and tracked with the pertinent efficiency program(s) receiving the benefit.

2. Target Market

Organization memberships budgeted in Trade Ally Support for the 2020-2021 biennium include (but may not be limited to):

- Association of Energy Service Professionals (AESP)
- Building Owners & Managers Association (BOMA) of Seattle & King County,
- Consortium for Energy Efficiency (CEE),
- E Source

Exhibit 3: Program Details

- Electric League of the Pacific Northwest,
- Energy Solutions Center (ESC), and
- Northwest Energy Efficiency Council (NEEC).

Table VI-1 provides summaries of Energy Efficiency’s Trade Ally organizations. The table attributes include a description of the organization (“What is it?”), the nature of the expense (“Why?”), the need for PSE participation (“What for?”), and if there are associated sponsorships or events (“Event/Sponsorship”).

Table VI-1: Descriptions of Energy Efficiency Trade Ally Organizations

| AESP (Association of Energy Services Professionals) | |
|--|--|
| What is it? | AESP (Association of Energy Service Professionals) is a trade association promoting the common business interests of Energy Efficiency products and services vendors, contractors, utilities, and related industry stakeholders both nationally and throughout the Puget Sound Region. |
| Why? | Annual membership dues payment. Membership dues support the day to day operations and business activities of the organization. |
| What for? | This expense is for annual membership dues only; there are no associated sponsorship expenses. AESP membership gives PSE access to valuable services and relationships vital to the implementation of energy efficiency programs and services throughout the Puget Sound region. |
| Event/Sponsorship? | Group Membership |
| ASE (Alliance to Save Energy) | |
| What is it? | ASE’s mission (from www.ase.org) is to promote energy efficiency worldwide to achieve a healthier economy, a cleaner environment and energy security. The Alliance is the sum of more than 140 Associates and a diverse and bipartisan Board of Directors. |
| Why? | ASE’s event objectives align with PSE interests in supporting local and regional energy efficiency initiatives. They further support customer awareness of PSE Energy Efficiency programs and achievement of the 2020-2021 Energy Efficiency program targets. ASE has assured PSE in separate correspondence that none of PSE’s contribution will be used for lobbying purposes. |
| What for? | PSE is participating as a supporter and co-sponsor of the ASE Event “Accelerate Energy Productivity 2030.” |
| Event/Sponsorship? | Sponsorship |

Table VI-1, continued

| BOMA | |
|---|--|
| What is it? | A non-profit commercial industry trade association with the mission of supporting and promoting Energy Efficient businesses and practices in the NW. An import function of BOMA is education un sustainability practices through seminars and classes offered to PSE members. |
| Why? | Annual membership dues payment. Membership dues support education in Energy Efficiency |
| What for? | |
| Event/Sponsorship? | Membership dues |
| CEE (Consortium for Energy Efficiency) | |
| What is it? | The Consortium of CEE is the US and Canadian consortium of natural gas and electric efficiency program administrators. They work together to accelerate the development and availability of energy efficient products and services for lasting public benefit. CEE organizes its day-to-day work into committees focused on defining a market approach aimed at more efficient use of regulated energy sources—electricity and natural gas. Committees address specific opportunities for end uses, systems, or structures independent of fuel. CEE members share their diverse perspectives and develop a collective wisdom that leads to strategic national initiatives. |
| Why? | CEE continues to be a reliable resource for informing PSE Energy Efficiency planning decisions. PSE has a history of success in participating on CEE subcommittees to identify and promote effective energy efficiency measures and activities, and in CEE online and onsite events to learn about innovative approaches as well as create national visibility for PSE’s own successful innovations. |
| What for? | Gaining useful information on energy efficient technologies of promise, and on practical program innovations. Participating in CEE-hosted subcommittees, webinars and conferences to exchange information with program administrators with a breadth of experience in the field to discover ways to improve existing programs and develop new ones. |
| Event/Sponsorship? | Membership dues |

Exhibit 3: Program Details

Table VI-1, continued

| Energy Solutions Center (ESC) | |
|--------------------------------------|---|
| What is it? | ESC (Energy Solutions Center) is a trade association promoting the common business interests of Energy Efficiency products and services manufacturers, vendors, contractors, utilities, and related industry stakeholders both nationally and throughout the Puget Sound Region. |
| Why? | |
| What for? | This expense is for annual membership dues only; there are no associated sponsorship expenses. ESC membership gives PSE access to valuable services and relationships vital to the implementation of energy efficiency programs and services throughout the Puget Sound region. |
| Event/Sponsorship? | Membership dues |
| Electric League | |
| What is it? | The Electric League is a trade association serving the common business interests of utilities and electrical industry trades throughout the Puget Sound Region, particularly in supporting Energy Efficiency (EE) interests. For example, the Electric League hosts the biannual Powerful Business Conference, annual EE Utility Programs Presentation, and various other EE end-use training workshops for both service providers and consumers. |
| Why? | Annual membership dues payment. Membership dues support the day to day operations and business activities of the Electric League. |
| What for? | This expense is for annual membership dues only; there are no associated sponsorship expenses. Electric League membership gives PSE access to valuable services and relationships vital to the implementation of energy efficiency programs and services throughout the Puget Sound region. |
| Event/Sponsorship? | Membership dues |

Table VI-1, continued

| NW Energy Efficiency Council (NEEC) | |
|-------------------------------------|--|
| What is it? | NEEC (NW Energy Efficiency Council) is a trade association promoting the common business interests of Energy Efficiency products and services vendors, contractors, utilities, and related industry stakeholders throughout the Puget Sound Region. |
| Why? | Annual membership dues payment. Membership dues support the day to day operations and business activities of the organization. |
| What for? | This expense is for annual membership dues only; there are no associated sponsorship expenses. NEEC membership gives PSE access to valuable services and relationships vital to the implementation of energy efficiency programs and services throughout the Puget Sound region. |
| Event/Sponsorship? | Membership dues |

F. Trade Ally Network

Formerly the Contractor Alliance Network, in 2019, PSE rebranded the program to the Trade Ally Network (TAN). The TAN program is administered by the Trade Ally Support (TAS) team and the program strategy is informed by the Trade Ally Guiding Principles.

Trade Ally Guiding Principles:

- **Extension of Trust** - PSE is a trusted partner, and the Trade Ally carries that trust.
- **Steward of Strategy** - PSE proactively engages Trade Allies to be a steward of PSE's EE brand and strategic objectives.
- **Mutual Beneficiaries** - PSE's EE department and its Trade Allies mutually benefit through the exchange of information and ideas.
- **Culturally Embedded** - The PSE TA team collaborates with its internal stakeholders to ensure that Trade Ally resources are understood and internally and externally promoted.

The primary functions of the TAS team are to provide Account Management of PSE's trade allies, and to formerly manage the TAN program.

Account Management: Account Management encompasses the overarching processes and guidance for effective trade ally engagement, which fosters a culturally accepted (internally) and inclusive (externally) trade ally network.

Exhibit 3: Program Details

PSE's Account Management activities, informed by the Trade Ally Guiding Principles, are designed to achieve the Objectives outlined in the Strategic Framework outlined below.

| Categories | Objectives | | | |
|-----------------------|--|--|---|---|
| Account Support | Provide coordinated and targeted outreach through Account Management | Develop resources that trade allies find value in | Enable Trade Allies to become stewards of PSE brand | |
| Engagement | Drive positive recognition of PSE's EE program | Provide transparent performance management tools | Create a channel for consistent Trade Ally engagement | Recognize trade allies who demonstrate PSE's values |
| Customer Satisfaction | Embed the customer intent statement through Trade Allies | Leverage customer feedback to drive continuous improvement | Demonstrate value of PSE's trade ally management program to rate payers | |
| Products and Services | Provide access to EE products and services to meet customers' needs | Optimize EE product and service portfolio consistent with long-term strategy | Support planning and implementation of cost effective EE program delivery | |
| Drive Results | Establish culture that embraces trade ally integration | Streamline processes to drive administrative effectiveness and efficiencies | Optimize trade ally management systems | |

Trade Ally Network: PSE's formal conduit for Trade Ally engagement with and participation in PSE's Energy Efficiency Programs, the Trade Ally Network currently consists of approximately 250 independent contractors who deliver energy efficiency (and ancillary) products and services to PSE's customer base. The Trade Ally Network is organized into multiple trades across both residential and commercial programs. Members of the Trade Ally Network are licensed, insured, and trained and must meet PSE's continuing performance requirements in order to remain in good standing. Trade allies who exceed the performance requirements may be eligible for cobranding, customer referrals, or other marketing and promotional opportunities through PSE's Trade Ally Network program.

G. Automated Benchmarking System

This website, called *MyData* and launched in 2013 by PSE, provides PSE compliance with the City of Seattle benchmarking mandate. All PSE customers are eligible to use *MyData* to obtain up to 24 months of monthly usage and cost data, with the option to upload to and synchronize with their Energy Star Portfolio Manager portfolio if desired and applicable.

1. Description

MyData is a free web-based tool offered by PSE that allows building owners, managers and operators to track and assess energy consumption of their buildings. By customers registering their property, they will be a part of what is becoming an industry standard and will receive quick and accurate data on a monthly basis for their entire building.

This tool will enable customers to track energy usage for a portfolio of buildings, track the results of energy efficiency projects, develop Energy Star® ratings and comply with state regulations including required reporting in the [City of Seattle](#) via Energy Star Portfolio Manager.

2. Target Market

Approximately 75 percent of the whole-building energy usage requests PSE receives come from building owners (or their contractors) that are tracking their energy usage or tracking the results of energy efficiency projects.

The product is nearing end-of-life and are due for replacement. The City of Seattle benchmarking mandate model shall implemented statewide by November 2020, which adds additional urgency for a MyData replacement.

H. Energy Advisors

The Energy Advisor Department is a unique, customer solution operation. This expert group brings efficiency into PSE's customer homes by guiding them in changing behaviors, understanding their energy use, and assisting them in using PSE's programs that are best for the customer's individual circumstances. Energy Advisors also promote and explain PSE's renewable energy programs, community challengers, available promotions and tax incentives. The Energy Advisors assist customers with these services over the phone, email, in person, and through social media.

Unlike transaction-based customer care departments, the Energy Advisors provide expertise and deliver solutions tailor-made for customers' homes. The Energy Advisors perform research, conduct analyses, provide resolution, and respond to customer inquiries. They follow-up on requests related to energy efficiency and conservation that inform customers, and make suggestions on how customers can reduce their energy use. They represent PSE in an effort to promote and cross-market energy-efficiency products and services by presenting and providing educational materials to employees, organizations and community groups.

Exhibit 3: Program Details

Energy Advisors receive training and instruction in departmental procedures, current programs, building science, and customer service. They are expected to use good judgment in independently responding to recurring customer issues and/or complaints.

Unique, difficult or unusual customer service issues are referred to Senior Energy Advisors. Individual Energy Advisors are also located in several PSE Business Offices throughout PSE's service territory to provide direct support for energy-efficiency questions. Customers have access to speak directly to an Energy Advisor through a toll-free number, **1-800-562-1482**, Monday through Friday, 8am to 5pm.

I. Energy Efficient Communities

Energy Efficient Communities (EEC) is a program-support channel to deliver Energy Efficiency program information directly to residential and commercial customers and through partnerships with community organizations and municipalities. The program works to leverage community resources to connect with, educate and move customers to Energy Efficiency program participation.

1. Description

Puget Sound Energy's Energy Efficient Communities channel works to generate participation in PSE's Energy Efficiency programs through direct-to-customer outreach and through partnerships. The team works to discover locally-appropriate ways of engaging with customers by leveraging PSE's resources, community knowledge and partner support.

The EEC team works closely with the Energy Efficiency programs to determine whether a broader partnership with a community organization or a more targeted, direct-to-customer approach is needed, such as a door-to-door initiative. As an outreach team for both residential and commercial programs, the EEC team also works on cross-program promotion, where appropriate.

2. Target Markets

PSE's Energy Efficient Communities team members are located in regional offices to provide an improved connection to the multiple community stakeholders that Energy Efficiency serves throughout the service area.

These partnerships provide opportunities to connect directly and indirectly with the residential and commercial markets. This model also helps the staff members learn about the customers in the communities in order to design locally-appropriate outreach strategies to encourage program participation.

The team centrally plans their general outreach initiatives as a group, but each team member customizes that outreach for their community.

Energy Efficient Communities works closely with the Energy Efficiency program teams to reach out to the underserved markets to deliver consistent programs throughout the service area. The team works to find areas with lower program participation to directly target engagement with customers. They provide leads for the small business programs through partnerships with cities, local business associations, and community groups, through designing door to door engagements as well as through presentations to the small business community. As more of the program portfolio shifts towards commercial Energy Efficiency, the EEC team will be focusing more targeted efforts towards the customers that would be eligible for those programs.

They also assist in the design of large scale residential customer outreach initiatives to ensure programs are brought to a variety of customer segments. Door to door initiatives and partnering with community entities provide the opportunity to engage with more customers about the benefits of the Energy Efficiency programs.

J. Customer Digital Experience

PSE's customers expect to receive information and interact with PSE online in the same sophisticated ways they do with other companies. Customer Digital Experience is designed to support the development and maintenance of tools that simplify the energy-efficiency educational process, providing interactive, engaging experiences that drive PSE's customers to manage and lower their energy usage.

1. Description

Customer Digital Experience is designed to significantly improve Energy Efficiency's ability to communicate the "how and why" of energy efficiency, using new technologies and engaging interactive methods.

Customer Digital Experience consists of the initiative to make PSE's energy-efficiency web tools effective in delivering electricity and natural gas savings. Research has shown that PSE customers are more web-savvy than average and have high expectations when doing business on the web.

Customer Digital Experience also supports interactive content development, e-newsletters and other miscellaneous software applications, including online form, database and web hosting services.

Exhibit 3: Program Details

These newly-enhanced tools, implemented in 2014 and regularly improved and updated since then, help customers understand the specifics behind their energy usage, show neighbor comparisons (residential customers),¹¹ notify customers of higher than usual usage, and provide new ways to encourage efficient behaviors, by suggesting personalized tips, tools, ideas and checklists, based on a customer's automated energy usage profile and self-assessment information.

Customer Digital Experience also supports interactive content development, e-newsletters and the fees for other miscellaneous software applications, such as online form, database and web hosting services, and includes purchases made through shopPSE, funded by the Residential Energy Management Direct to Consumer Channel (<http://PSE.com/shoppse>).

K. Customer Awareness Tools

Customer Awareness Tools are tools to aid in Energy Efficiency's ability to communicate the "how and why" of energy efficiency, using new tools and engaging interactive methods. Research has shown that PSE customers are more web-savvy than average and have high expectations when doing business on the web. The Customer Awareness Tools category is comprised of four electronic services provided to PSE customers via a variety of media, designed to fit customers' communication expectations. The services include:

1. Unusual Usage Alerts (UUA)

- Unusual Usage Alerts, or UUA's, are sent to customers when their energy usage is abnormal compared to the previous year.
- Since the service's inception, over 600,000 PSE customers have received the alerts.
- Unusual usage alerts are triggered when a customer is trending to use more than 30 percent of the energy used for the same billing cycle the year prior.

2. My Energy Usage

- When PSE customers log onto their myPSE account, they can view their energy usage center, which is moderated by PSE's contractor.
- Additionally, the energy usage center also allows customers to select ways to be more energy efficient to help them save energy.

¹¹ Specific customer details; addresses, names, account information, etc. are rigorously protected. Instead, only general, non-specific comparisons will be provided.

3. Seasonal Readiness Emails (SRE)

- PSE's contractor sends up to 250,000 reports to customers twice a year during the changing seasons, once in the summer and once in the winter.

4. Customer Engagement Tracking (CET)

The [Customer Engagement Tracker \(CET\) survey](#) is an instrument designed to explore utility customer reactions to the Home Energy Reports program and other related outreaches. At PSE, the instrument aims to accomplish the following key objectives:

- Explore customer interaction with and reception of the Home Energy Reports;
- Gauge overall impact of the program on the PSE customer relationship, both via self-reported influence and by measuring differences in engagement between program participants and non-participants (controls).
- Compare results between PSE deployments and to those of other contractor utility partners, with an eye towards potential program improvements.

5. Delivery method

PSE's customer awareness tools are managed by its third party vendor and housed on pse.com.

6. Implementation Management

The online web tools were first implemented in 2014 and regularly improved and updated since then. These help customers understand the specifics behind their energy usage, show neighbor comparisons (residential customers), notify customers of higher than usual usage, and provide new ways to encourage efficient behaviors, by suggesting personalized tips, tools, ideas and checklists based on a customer's automated energy usage profile and self-assessment information.

L. ShopPSE

ShopPSE is Energy Efficiency's online retail website where PSE customers can purchase a variety of energy-savings devices, including showerheads and smart thermostats. <https://shop.pse.com>

Exhibit 3: Program Details

A third party vendor (or vendors) implement this service. PSE will work closely with the vendor(s) on product and rebate amounts, marketing campaigns, and a streamlined customer experience. The service will be promoted to residential PSE customers. The products sold and instant rebates provided through this service are aligned with and represented in other Program measure tables. PSE aims to provide diverse products to customers, focused on water-saving products and smart thermostats.

M. Market Integration

Market Integration consists of salary costs of employees working on energy-efficiency marketing platform development and maintenance. This budget category is designed to increase the transparency of the work done on energy-efficiency marketing-related items.

This includes the enhancement of online energy-efficiency tools and features, as well as traditional marketing executions that center on promotional channels used across all programs (that is, social media, email, digital content, graphic design, video and photography, collateral and websites).

N. Events

The Energy Efficiency department participates in community, local, and regional events throughout the year, including home shows, trade shows, seminars, corporate events and community events. The event audience consists of general public, businesses, builder/contractors, multifamily property owners, city leaders, home owner associations, and students/teachers. PSE maintains a presence at these venues to promote its residential and commercial energy efficiency programs in addition to the other communication methods PSE uses to educate customers about its offerings.

Participation in events provides unique opportunities for Energy Efficiency staff to interact directly with customers and discuss a variety of products, programs and services that the department offers. Energy Efficiency staff will also match customer interests and needs with Energy Efficiency programs, as well as bring back customer feedback.

The Events team provides specific criteria for event participation that matches overall business and strategy of the programs supporting Energy Efficiency programs with emphasis on presence, affiliation, and relevance. Each event holds a particular value to stakeholders and relates to objectives of PSE Energy Efficiency programs.

The Events team organizes activities using an event management data system to improve communication and customer experience. The team assesses event requests and reviews opportunities in advance with a focus on tactical planning for and vetting events.

PSE proactively seeks new audiences to deliver energy efficiency services, using available demographic data to identify harder to reach communities.

PSE employs a third-party vendor to augment its dedicated events staffing to ensure the maximum energy-efficiency exposure. The goal of this is to increase awareness and uptake of PSE Energy Efficiency programs, drive energy savings and reach a broad and diverse audience base through door-to-door, open houses, and community events.

O. Energy Efficiency Brochures

PSE provides brochures and how-to guides on numerous energy efficiency opportunities, including behavioral measures, low-cost equipment, weatherization measures, improvements, and equipment upgrades. This information includes investment and savings estimates where appropriate.

The brochures provided as part of this program are general energy efficiency in nature, whereas program-specific (for example, business programs, residential heat pumps, or mobile home duct sealing), are budgeted within those specific programs. As of 2020, PSE will transition from paper brochures to online brochures at the PSE website. Where required by tariff, brochures are included as bill inserts.

Exhibit 3: Program Details

PSE intentionally left this page blank.

VII. RESEARCH & COMPLIANCE

A. Conservation Supply Curves and Strategic Planning

The Conservation Supply Curve and Strategic Planning roles include, but are not limited to:

- Internal and external research, planning and development,
- Biennial and strategic program planning support,
- Coordination with regional organizations including NEEA and RTF,
- Holistic assessment of Measurement & Verification protocols,
- Developing and managing IRP and related DSR bidding activities, and
- Programs Cost-Effectiveness.

1. Conservation Supply Curves

The purpose of the Conservation Supply Curve function is to complete a Conservation Potential Assessment for the company's Integrated Resource Plan (IRP). The Conservation Potential Assessment identifies the amount of energy savings potential that is technically and economically achievable over the 20-year planning horizon of PSE's IRP. The IRP, which is filed every two years, is the basis for PSE's electric and natural gas energy resource acquisition strategy. The IRP analysis is also used to derive the ten-year conservation potential that is the basis for its two-year energy savings targets, as required by WAC 480-109-100(2), to comply with the Washington Energy Independence Act (RCW 19.285).

a. Description

PSE's will complete its IRP and Conservation Potential Assessment (CPA) in 2019. The CPA will assess the economic potential for electric and natural gas energy savings from energy efficiency and other demand-side resources, covering the twenty year period 2020-2039. The budget includes costs to complete the conservation potential assessment, reporting for the IRP, and development of inputs for biennial program planning. This analysis will be a key component for establishing program savings targets and avoided costs in the 2020-2021 biennium.

2. Strategic Planning

The Strategic Planning function conducts a variety of research studies and analyses to support regulatory compliance proceedings and other strategic initiatives.

a. Description

The Strategic Planning function is responsible for providing support and guidance to a variety of regulatory and other strategic initiatives. Responsibilities include regulatory compliance filings, federal and state legislative review, policy analysis, or other strategic efforts related to energy efficiency.

The Strategic Planning group's 2020-2021 primary activities will include completion of an oversample of regional Commercial Building Stock Assessment begun in 2019, and continued implementation of more efficient research methods. For the upcoming biennium, the group's electric budget reflects PSE's \$60,000 contribution to completion of the Commercial Building Stock Assessment (CBSA) oversample, and the Regional End-Use Load Research study, with PSE's share estimated to be \$700,000.

B. Market Research

Market Research conducts a variety of research studies and analyses to support program design, marketing strategies, and development of effective program promotion and customer communications for energy efficiency.

1. Description

The focus of the Market Research function is on acquiring information about customers that is relevant for the development of energy-efficiency programs, educational materials, and promotional campaigns that will be effective in encouraging program participation.

Through various techniques such as surveys, focus groups, and analysis of existing databases, Market Research provides understanding of customer perceptions, motivations and barriers to adoption of energy-efficient applications and behavior, as well as tracking customer awareness of program offerings and satisfaction with non-program specific education and information services. Market Research is also called upon for analysis of localized characteristics, attitudes, behavior, and energy usage trends, necessitating more geographically targeted research.

Over the past biennium, a company-wide focus for Market Research has focused on digital barriers, how to make information and enrollment easy to find, intuitive, and easy to transact. This effort includes and benefits EES at PSE. Market Research expenses are driven by the customized nature of the work and the large sample sizes required in quantitative studies for results to be valid for multiple market segments and geographic areas.

The Market Research Staff works closely with Program Implementation, Marketing, Energy Efficient Communities, and Program Evaluation Staff to identify research needs that support the effective development, delivery, and evaluation of energy efficiency programs. These research needs are then coordinated and leveraged to result in a slate of research projects that are responsive to internal client needs, eliminate duplication of effort, and are cost-efficient.

Exhibit 3: Program Details

PSE's conservation market research activities are divided into two basic components:

Baseline Research with Broad Applications: This type of research provides foundational information about PSE customers that will be a common source of knowledge for the general planning and design of all energy efficiency programs and promotional campaigns.

Examples include research into customers' attitudes, beliefs, and behaviors that suggest customer segments for effectively marketing EES programs and customers' propensity to participate in EES offerings.

Application-Specific Research: This research is focused on specific programs or promotional initiatives. It includes research that supports specific energy efficiency program promotion and communications campaigns, such as message testing, target markets, and campaign effectiveness studies. Other research efforts will be focused on tracking customer satisfaction with information services, such as the Energy Advisors. Finally, research may be conducted to provide customer input on the design and implementation of specific programs, primarily using qualitative methods such as focus groups.

Market Research has made greater use of data science research tools and secondary data sources, which helps to control costs. PSE has improved its internal research capability minimizing the need for external resources, but does purchase existing demographic data from third-party providers, rather than conducting original research to collect this information.

C. Program Evaluation

PSE Evaluation staff are committed to the evaluation of energy savings and the continual improvement of energy-efficiency service delivery to customers. PSE program implementation teams work together with the Evaluation team to inform the development of evaluation scopes of work. The Evaluation Team then develops and maintains a strategic Evaluation Plan (Exhibit 6), in accordance with the guiding Evaluation Framework (Exhibit 8), ensuring that all programs receive review on a maximum four-year cyclic basis.

Evaluations are conducted by third-party evaluation consultants that are selected by a competitive Request for Proposals (RFP) process. For 2020-2021, PSE will contract with one or more third-party evaluators for all programs. This whole-Portfolio evaluation approach encourages greater efficiency and integration of data and results.

In 2020-2021, PSE will endeavor to examine all of its tariffed programs within that two-year period. The level of detail at which each program is evaluated will be determined by prioritizing each program into evaluation tiers. All levels of rigor will be consistent with the principles, objective, and metrics prescribed in the guiding Evaluation Framework (Exhibit 8). In prioritizing programs for evaluation, PSE considers the level of energy savings, significant program changes, results of prior evaluations and whether a program is new or never been evaluated before.

Adjustments to the evaluation plan may be made during the biennium, with CRAG review and advice.

Evaluation staff continuously look to improve program evaluations, including integration of advanced data analytics (often called EM&V 2.0). EM&V 2.0 combines the principles from the EM&V Framework (Exhibit 8), with specialized software and technology applications to provide more timely feedback and granular results to program implementation teams. PSE piloted use of EM&V 2.0 techniques in 2016-17 and concluded that application to commercial/industrial projects was promising. To that end, PSE is developing expanded applications of EM&V 2.0. The techniques that will be tested and validated are expected to result in real-time adjustments to programs through early detection of savings trends and quality of measure installation. In 2020, PSE will be incorporating M&V 2.0 advanced analytics into its core evaluation activities, with a particular focus on performance of the Commercial Strategic Energy Management, and Large Power User programs. Part of this work will include assessment of the extent to which M&V 2.0 techniques can replace or supplement traditional impact evaluation and project verification methods.

After an evaluation deliverable is completed, members of the EES Program Team participate in the Evaluation Report Response (ERR) process to ensure that evaluation results are implemented in the program. The Program Team completes the ERR, indicating what actions will be taken in response to evaluation findings and recommendations. This ensures a closed-loop system with Evaluation findings and Implementation responses and adjustments being documented in the Source of Savings database. Final evaluation reports with appended ERRs are posted to the Conduit Northwest website (<https://conduitnw.org>).

PSE frequently shares the results of its evaluations with the RTF to support continuous improvement of measure energy savings values widely used in the region. In addition, PSE monitors the Regional Technical Forum (RTF), NEEA, and the Northwest Research Group (NWRG), as well as directly reaching out to neighboring utilities, for opportunities to collaborate on common evaluation needs.

Exhibit 3: Program Details

For additional information on planned evaluation activity, including initial prioritization of programs for evaluation, please refer to Exhibit 6: *2020-2021 Evaluation Plan*.

D. Biennial Electric Conservation Achievement Review (BECAR)

The Evaluation organization is also responsible for managing PSE's 2020-2021 Biennial Electric Conservation Achievement Review (BECAR) required by WAC 480-109-120(4)(b)(v).

In partnership with Commission Staff, PSE implements an independent review of its biennial electric savings. Every two years, PSE and Commission Staff, with review by PSE's CRAG, selects a consultant to conduct the independent electric savings review for the biennium. The review examines electric savings baselines, measure savings calculation methodology, tracking and reporting accuracy, validates reported electric savings, reviews Company actions taken in response to the recommendations from the previous BECAR, and assesses whether the company has undertaken follow-up actions on program evaluation studies completed after the 2018-2019 BECAR.

The independent consultant that conducts the BECAR also makes recommendations for PSE operations, measure savings calculation methodology, and data collection. The independent consultant may also make recommendations for electric savings adjustments, which PSE considers and reviews with the CRAG prior to implementing any revisions.

PSE provides the CRAG with interim BECAR status and reports throughout the biennium, and includes the BECAR final report as an appendix to its Biennial Electric Achievement Report to the Commission, in accordance with WAC 480-109-120(4).



VIII. OTHER CUSTOMER PROGRAMS

A. Customer Connected Solar

Customers that interconnect a qualifying renewable system PSE (“Customer-Generators”) are eligible to participate in PSE’s Net Metering program (terms of the program are outlined in Schedule 150) and/or in the WA State Renewable Energy Production Incentive program (these terms are outlined in Schedule 151). PSE organizes those programs in the Customer Connected Solar group.

1. Net Metering

Schedule E150

a. Purpose

PSE’s Net Metering program provides interconnection, metering and billing to qualifying customer-generators in accordance with State legislation enacted into law in February 11, 1999, and most recently amended July 28, 2019 (see RCW 80.60).

b. Description

PSE provides interconnection and net metered billing services to qualifying Customer-generators who operate fuel cells, hydroelectric, solar, wind, or biogas generators of no more than 100 kW. PSE is required to offer service under this schedule on a first-come, first-served basis until the total of cumulative nameplate generating capacity reaches 179 MW, which is 4 percent of PSE’s peak 1996 load. As of July 2019 PSE has a total of 71 MW of net metered generation operating in its service territory. Customer generation can be used to offset part or all of the Customer-generator’s electricity use under Schedules 7 through 49 of Electric Tariff G.

c. Eligibility

Customer-Generators who operate fuel cells or produce electricity and used and useful thermal energy from a common fuel source or who generate electricity using hydroelectric, solar, or wind energy or biogas from animal waste as fuel, with a total capacity of no more than 100 kilowatts (kW) and the generation is located on their own premises. Such generator must operate in parallel with PSE’s transmission and distribution facilities. Detailed availability is outlined in PSE’s Schedule 150.

d. Target Market

All customers who are within the Company's service territory and receive electric service under terms of the Company's electric Tariff G.

e. Customer Incentives

No direct customer incentives are provided under the Net Metering tariff. Energy produced by Customer-generator systems directly reduces energy used in the home or business from the grid. When energy generated exceeds home or business electrical loads, the excess energy flowing to PSE is metered and credited to the customer at the retail rate for future use.

Based on 2019 changes to Net Metering legislation, the program's year was amended to run from April 1 to March 31 of the following year. Any excess credit each month is rolled forward to the following month; however, when the new program year begins April 1, the credit is reset to zero. The 2019 amendments to RCW 80.60 also provide clarity about what comes after the limits to net metering are met. After June 30, 2029, or once the cumulative capacity of net metering systems equals 179 MW, PSE will have an alternative financial arrangement for customer-generators, one that allows customers to self-consume their solar power, but does not provide credit at full retail rate for energy exported to the grid.

2. Production Metering

Schedule 151

a. Purpose

The WA State Renewable Energy Production Incentive Program is a production-based financial incentive for customers with solar, wind, and bio-digester generating systems. PSE voluntarily administers this state incentive to qualified customers, as determined by Washington State University Energy Extension, the WA State Program Administrator.

b. Description

In order for a customer-generator to participate in Schedule 151 they must:

- Be a PSE customer with a valid interconnection agreement with PSE for the operation of their grid-connected renewable energy system.

Exhibit 3: Program Details

- Have a system that includes production metering capable of measuring the energy output of the renewable energy system.
- Be certified (as named on the PSE account) by the Washington State Program Administrator as eligible for annual incentive payments.

As of June 2019, the WA State Program Administrator has issued notice that this program's budget is fully obligated. As such, they are not currently certifying new solar customers as eligible participants in this program, and the program should not be a factor in driving new solar adoption.

c. Annual Payments

Production payments administered by PSE are recovered through WA State taxes.

Legacy Program participants with systems installed and certified prior to October 1, 2017 will receive payments up to \$5000 per year for electricity produced through June 30, 2020 at the following rates:

| Customer-Generated Power | Price per kWh |
|--|----------------------|
| Solar modules and inverter manufactured in Washington state | \$0.504 |
| Solar modules manufactured in Washington state | \$0.336 |
| Solar or wind generating equipment with an inverter manufactured in Washington state | \$0.168 |
| Any other PV system or anaerobic digester | \$0.14 |
| Wind turbine | \$0.112 |

Participants with State Certification on or after October 1, 2017, who maintain ongoing eligibility requirements are eligible for up to eight years of annual incentive payments on kilowatt-hours generated July 1, 2017 through no later than June 30, 2029.

Individual participant eligibility for a given rate, term, payment limit, and annual incentive payment amounts are determined by the Washington State Program Administrator, based on RCW 82.16, including the following incentive rate guidelines:

| Fiscal year of system certification | Base rate residential scale | Base rate commercial-scale | Made-in-Washington bonus |
|-------------------------------------|-----------------------------|----------------------------|--------------------------|
| 2018 | \$0.16 | \$0.06 | \$0.05 |
| 2019 | \$0.14 | \$0.04 | \$0.04 |
| 2020 | \$0.12 | \$0.02 | \$0.03 |
| 2021 | \$0.10 | \$0.02 | \$0.02 |
| Annual limit per Participant | \$5000 | \$25,000 | |

Annually, PSE will measure and report the kilowatt-hours generated by participants' renewable energy systems and make incentive payments to eligible customers as determined by the Washington State Program Administrator. Individual participant eligibility for a given rate, term, payment limit, and incentive payment amounts will be determined by the WA State Program Administrator.

d. Customer Incentives

Annually, PSE will measure and report the kilowatt-hours generated by participants' renewable energy systems July 1st through June 30th and make incentive payments to eligible customers as determined by the Washington State Program Administrator. Individual participant eligibility for a given rate, term, payment limit, and incentive payment amounts are determined by the WA State Program Administrator.

e. Target Market

All qualified net metered customers, under terms of Schedule 150 and all qualifying Schedule 91 customers.

Exhibit 3: Program Details

f. Marketing Plan

Marketing of both Net Metering and the WA State Production Incentive Program is primarily done by the local solar industry and advocates. PSE focuses on education of these partners and making information about the process available to all prospective and existing solar customers. PSE does this through:

- www.pse.com/savingsandenergycenter/customer-connected-solar
- Energy Advisors
- Contractor Alliance Network trainings and communications
- Speaking engagements such as Solar Washington forums
- Customer Renewables brochure used at various events.

B. Targeted Demand Response Pilots

Schedule E/G 249A, E/G 271

1. Purpose

The purpose of the Localized Demand Response Pilot (DR) is to evaluate DR options applicable to identified NWA projects. Pilot attributes to evaluate include technology requirements and performance, Customer behavior and preferences, impacts and integration of DR to Company operations, program costs, Demand reductions achieved, Energy savings achieved, and localized distribution system benefits. The Company seeks experience with DR technologies, greater understanding of Customer acceptance and tolerance of Demand control, the need for Customer incentives (financial or other), Demand reduction effectiveness and reliability, Energy savings impacts, and acquisition and management of resulting data. This experience will help determine cost-effectiveness of further efforts in DR.

2. Description

The DR Pilot provides reduced energy consumption, by cycling space and water heat measures during periods of peak usage demand within both electric and natural gas NWA Projects, during periods of peak demand.

3. Eligibility

Eligible customers will be served by a proposed NWA Project where a non-wired and/or non-pipe alternative analysis has determined DR to be cost effective in deferring or delaying said project.

4. Delivery Method

The DR Pilot program effects reduced demand by cycling space and water heat measures during periods of peak usage demand within both electric and natural gas NWA Projects.

5. Implementation Management

The DR Pilot is managed within the purview of the Targeted Demand Side Management (TDSM) program. Program staff manage all measure rebates and participation incentives through a third-party implementer. Program design, metric analysis, incentive-setting and program policies are managed via in-house, PSE program staff.

6. Measures

DR measures are offered in specific municipalities, and are subject to revisions: offering duration, and incentive amounts.

| Measure | Maximum Incentive Amount | Eligibility |
|----------------------------|--------------------------|---|
| Space Heat Demand Response | \$300 per year | Customers in NWA Project areas, electric and/or natural gas, for the duration of the project. |
| Water Heat Demand Response | \$200 per year | Customers in NWA Project areas, electric and/or natural gas, for the duration of the project. |
| Demand Response Activation | \$100 one-time payment | Customers in NWA Project areas, electric and/or natural gas, for the duration of the project. |

7. Target Market

PSE customers living in specifically-identified NWA Project areas that are affected by planned infrastructure projects.

8. Marketing and Outreach Plan

Communications for the DR Pilot program will be customized for each targeted locality. Only Direct Marketing to eligible customers will be utilized.

IX. GLOSSARY OF COMMONLY USED ACRONYMS AND TERMS

Unless otherwise noted in a specific Conservation Schedule, the following commonly-used terms, used throughout this document have the below noted meanings:

| | |
|-------------------------------|---|
| AIA | American Institute of Architects |
| ASHRAE | American Society of Heating, Refrigerating, and Air-Conditioning Engineers |
| BOMA | Building Owners and Managers Association |
| BPA | Bonneville Power Administration |
| CHP | Combined Heat & Power |
| CMS | Customer Management System |
| Cost Element | Also referred to as account numbers. Cost element groups typically include; labor, overhead, employee expenses, miscellaneous expenses, materials, etc. |
| CRAG | Conservation Resource Advisory Group |
| DDC | Design Development and Construction |
| DHW | Domestic Hot Water |
| Direct Install Measure | A conservation measure that is installed by a PSE representative—rather than a PSE customer—into a qualifying structure. |
| ECM | Electronically Commutated Motor |

Exhibit 3: Program Details

Definitions and Acronyms, continued

| | |
|---------------------|---|
| HID | High Intensity Discharge (related to lighting) |
| HVAC | Heating, Ventilation and Air Conditioning |
| IRP | Integrated Resource Plan. PSE's two-year view of 20-year resource needs and how the Company will meet those needs. |
| kWh | Kilowatt Hour |
| MBA | Master Builders' Association |
| NEEA | Northwest Energy Efficiency Alliance |
| NEMA | National Electrical Manufacturers Association |
| O&M | Operations and Maintenance |
| Order Number | An eight-digit accounting number, used to track expenditures. FERC rules require that expenditures associated with energy conservation begin with a 1823nnnn (where "n" is another number). This is the most detailed view of accounting for a program's expenditures. Within an order number, cost elements account for the specifics of those expenditures, as explained above. |
| TRC | Total Resource Cost |
| UC | Utility Cost |
| ULI | Urban Land Institute |
| USGBC | U.S. Green Building Council |
| WAMOA | Washington Association of Maintenance and Operations Administrators |