

March 18, 2014

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

Attention: Steven V. King

 Executive Director and Secretary

RE: **Docket UE-132047 – PacifiCorp’s Demand Side Management Business Plan Revisions**

Pursuant to Docket UE-132047, Conditions List items (5) and (6)(d), Pacific Power & Light Company (Pacific Power or Company) submits to the Washington Utilities and Transportation Commission (Commission) revisions to its Demand Side Management (DSM) Business Plan. The DSM Business Plan was provided as Appendix 7, in the Ten-Year Achievable Conservation Potential and Biennial Conservation Target for 2014 and 2015, filed with the Commission on November 1, 2013. Attached please find one original and two copies of the Company’s Revised DSM Business Plan.

As outlined in Condition (5) of Order 01, Docket UE-132047, PacifiCorp is required to maintain its conservation tariffs on file with the Commission. That condition states, “Program details about specific measures, incentives and eligibility requirements must be filed as tariff attachments or as revisions to PacifiCorp’s DSM Business Plan.” The enclosed revised DSM Business Plan reflects consolidation of Schedules 115 – Commercial and Industrial Energy Efficiency Incentives and 125 – Commercial and Industrial Energy Services into Schedule 140 – Non-Residential Energy Efficiency, and revisions to Schedule 118 – Home Energy Savings.

# In Docket UE-132083, the non-residential programs described in Schedules 115 and 125 were consolidated into Schedule 140 – Non-Residential Energy Efficiency. The consolidation was intended to a) add new incentive offers and measures for prescriptive incentives, b) align existing measures with changes in markets, codes, standards, and third party specifications, c) increase overall participation and energy savings achieved through the program, and d) improve administration of the program by combining the two schedules into a single tariff and standardizing the administration of the new schedule through the flexible and more responsive change process. The new tariff went into effect on January 1, 2014.

Changes to Schedule 118 – Home Energy Savings address updates to align measures and incentive values with current industry standards. Proposed changes were circulated to the DSM Advisory Group, comments were incorporated, notice was posted on the website for 45 days, and changes went into effect on January 1, 2014.

The Home Energy Savings program changes are summarized in the tables below.

| **Table 1 – Program Modifications (Lighting)** |
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| **Measure** **Name** | **Description of Change** | **Measure Summary** |
| **CFLs** | Type of Change:Modify delivery methodsChange incentive amounts.Reason for Change:To align incentives with RTF and EISA-impacted savings values, and to add new delivery models for the purpose of continuing to capture lighting savings | Current Qualifications (unchanged):ENERGY STARCurrent Maximum Incentive Amount: General Purpose: $1.50 Specialty: $3.50Revised Maximum Incentive Amount: General Purpose: $1.50 Specialty: $3.00Current Delivery Methods:Upstream Revised Delivery Methods:Upstream Mail by RequestDirect Install  |
| **LEDs** | Type of Change:Modify delivery methods and incentive amountsExpand measure to cover additional LED productsReason for Change:To align incentives with RTF and EISA-impacted savings values and to add new delivery models for the purpose of continuing to capture lighting savings | Current Qualifications (unchanged):ENERGY STARCurrent Maximum Incentive Amount: Downlights: $14.00Revised Maximum Incentive Amount: General Purpose: $10.00 Specialty: $10.00Current Delivery Methods:Upstream Revised Delivery Methods:UpstreamMail by RequestDirect Install  |
| **CFL and LED Light Fixtures** | Type of Change:Modify delivery methodsChange incentive amountReason for Change:To align incentives with RTF Shifting delivery models will allow the Program to capture additional savings while reducing incentives and admin costs | Current Qualifications (unchanged):ENERGY STARCurrent Incentive Amount: $20.00Revised Maximum Incentive Amount: $10.00 Current Delivery Methods:DownstreamRevised Delivery Methods:UpstreamDownstreamNotes:Torchiere and portable products are not qualified. |

| **Table 2 – Program Modifications (Non-Lighting)** |
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| **Measure** **Name** | **Description of Change** | **Measure Summary** |
| **Clothes Washers** | Type of Change:Modify qualification criteriaReason for Change:Align with increasing industry standards and RTF | Current Qualifications:MEF ≥ 2.46WF ≤ 4.0Revised Qualifications:MEF ≥ 3.2Current Incentive Amount (unchanged): $50 (customer) |
| **Clothes Washer Recycling** | Type of Change:Modify qualification criteriaReason for Change:The current requirement of customers having to submit an incentive application for a new unit in order to recycle an old unit is a barrier for recyclers and retailers to participate. These changes will remove that barrier and drive participation. | Current Qualifications:Requires recycling documentation and requires customer to submit incentive application for a new qualified clothes washer.Revised Qualifications:Decommission and recycle an existing clothes washer. The recycled unit must be operable. Current Incentive Amount (unchanged): Up to $25.00 (to recycler or retailer) |
| **Electric Water Heaters** | Type of Change:Modify qualification criteria and incentive amountsAdd in automatic retirement date for measureReason for Change:Align qualification criteria with the RTF and reduce the measure incentive to improve cost-effectiveness.On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher, and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications:40-49 gal units: EF ≥ 0.9450-65 gal units: EF ≥ 0.95≥ 66 gal units: EF ≥ 0.93Revised Qualifications:25-44.9 gal units: EF ≥ 0.9445-54.9 gal units: EF ≥ 0.9555-74.9 gal units: EF ≥ 0.9375-99.9 gal units: EF ≥ 0.92100-120 gal units: EF ≥ 0.85Current Incentive Amount:$75 (customer)$50 (contractor)Revised Incentive Amount: $50 (customer)Measure Retirement:Due to the federal standard change all electric water heater incentives will be retired after April 15, 2015. Incentives will be provided only for units purchased or installed on or before April 15, 2015. |
| **Heat Pump Water Heaters** | Type of change:Modify incentive amountAdd in automatic retirement date for measureReason for Change:High incremental cost of this technology has resulted in low market up-take. Due to high unit energy savings with RTF, the Company will offer a higher incentive amount to drive more participation. The Program proposes an “up to” incentive so that the incentive can be decreased with market demand and as the price for the equipment drops. On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications (unchanged):Northern Climate Specification QualifiedCurrent Incentive Amount: $150 (customer)$100 (contractor)Revised Incentive Amount: Up to $600 (customer)$200 (contractor)Retirement:Due to the federal standard units that do not meet the new standard will no longer be offered incentives after April 15, 2015. |
| **Evaporative Coolers** | Type of Change:Incentive amountReason for Change:Align incentives with associated savings and to allow customer self-installations to increase participation. Merge portable and permanently installed evaporative coolers into one measure separated by tiers. | Current Qualifications (unchanged):Tier 1: 2,000 – 3,499 CFMTier 2: ≥ 3,500 CFM(For Tier 2, unit must be the primary cooling source)Current Incentive Amount: Tier 1: $100 (customer)Tier 2: $150 (customer)$100 (contractor)Revised Incentive Amount: Tier 1: $50 (customer)Tier 2: $250 (customer)Notes: Contractor not required. |
| **Room Air Conditioners** | Type of Change:Modify delivery method and incentive amount.Updated for latest ENERGY STAR standard which took effect on October 1, 2013Reason for Change:To drive more participation, decrease incentive costs, and decrease administrative costs | Current Qualifications (unchanged):ENERGY STARCurrent Incentive Amount:$25.00Revised Incentive Amount: Up to $20.00 Current Delivery Methods:DownstreamRevised Delivery Methods:Upstream |
| **Dishwashers** | Type of Change:Remove an existing measure | Retirement:The measure will be retired due to very low unit energy savings making the measure not cost-effective. |
| **Low Flow Shower-heads** | Type of change:Add a new RTF measureDescription of measure:A device that constricts the flow rate of water in showers, consequentially reducing the load on a hot water heater | Planned Qualification: Unit Flow Rate ≤ 2.00 GPMPlanned Incentive Amount: Up to $15.00 for all delivery methodsPlanned Delivery Methods:UpstreamMail by RequestDirect Install |
| **Low Flow Aerators** | Type of change:Add a new measureDescription of measure:A device that constricts the flow rate of water in sinks, consequentially reducing the load on a hot water heater | Planned Qualification: Unit Flow Rate ≤ 1.50 GPMPlanned Incentive Amount: Up to $5.00 for all delivery methodsPlanned Delivery Methods:UpstreamMail by RequestDirect Install |
| **Attic Insulation** | Type of change:Modify incentive amountReason for change:To align with RTF savings and to drive participation | Current Qualifications (unchanged):Rinitial ≤ 19Rfinal ≥ 49Current Incentive Amount: $0.30/sf for electric heat$0.15/sf for electric cooling Revised Incentive Amount: $0.35/sf for electric heat$0.10/sf for electric cooling Note:Incentive is paid based on square footage of attic space insulated.Measure can be installed by customer or contractor.  |
| **Floor Insulation** | Type of change:Modify incentiveReason for change:To align with RTF savings  | Current Qualifications:Rinitial ≤ 18Rfinal ≥ 30Primary heat source must be electricRevised Qualifications:Rinitial ≤ 11Rfinal ≥ 30Primary heat source must be electricCurrent Incentive Amount: $0.45/sf Revised Incentive Amount: $0.30/sf Note:Incentive is paid based on square footage of floor area insulated. |
| **Wall Insulation** | Type of change:Modify incentiveReason for change:To align with RTF savings and to drive participation | Current Qualifications:Rinitial ≤ 10Must add R-11 or fill cavityRevised Qualifications:Wall cavity lacking effective insulationMust add R-11 or fill cavityPrimary heat source must be electricCurrent Incentive Amount: $0.35/sf Revised Incentive Amount: $0.40/sf Note:Incentive is paid based on square footage of wall area insulated. |
| **Air Sealing** | Type of Change:Add a new RTF measureDescription of measure:Tightening a home’s envelope to reduce air leakage or infiltration. | Planned Qualification: Air seal entire home per program manualInstallation completed by contractorPlanned Incentive Amount: $0.15/sfPlanned Delivery Methods:DownstreamNotes:Incentive is paid based on area of conditioned space of the home |
| **Windows** | Type of change:Modify incentive and qualification criteriaReason for change:To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:Tier 1: U-factor <0.30 (electrically heated home only) Tier 2: U-factor < 0.20 & SHGC of 0.35Revised Qualifications:Tier 1: U-factor ≤0.30 (electrically heated home only) Tier 2: U-factor ≤ 0.22 Current Incentive Amount: Tier 1: $0.75/sf (electrically heated homes only)Tier 2: $2.50/sf(electrically heated homes)Tier 2: $1.00/sf(electrically cooled homes)Revised Incentive Amount: Tier 1: $0.25/sf (electrically heated homes only)Tier 2: $1.50/sf(electrically heated homes)Tier 2: $0.50/sf(electrically cooled homes)Note:Incentive is paid based on area of windows installed. |
| **Central Air Conditioner** | Type of Change:Modify incentive and qualificationReason for change:To align incentives with updated savings  | Current Qualifications:> 15 SEER> 12.5 EERTXVRevised Qualifications:> 15 SEERCurrent Incentive Amount: $250 (customer)$25 (contractor)Revised Incentive Amount: $50 (customer)$50 (contractor) |
| **Central Air Conditioner Best Practices Installation & Sizing** | Type of Change:Modify qualificationReason for change:Expand measure to achieve more savings  | Current Qualifications:> 13 SEERMeet airflow/refrigerant requirements350 CFM/ton of airflowRefrigerant charge within +/- 3 degrees of target subcoolingTXVRevised Qualifications:> 13 SEERMeet airflow/refrigerant requirements350 CFM/ton of airflowRefrigerant charge within +/- 3 degrees of target subcooling Equipment properly sized per program requirements Current Incentive Amount (unchanged): $50 (customer)$75 (contractor) |
| **Heat Pump Upgrade** | Type of Change:Modify incentiveReason for change:To align incentives with RTF savings  | Current Qualifications (unchanged):≥ 16 SEER≥ 9.5 HSPF TXVRevised Qualifications:≥ 9.5 HSPF Current Incentive Amount: $500 (customer)$50 (contractor)Revised Incentive Amount: $150 (customer)$100 (contractor) |
| **Heat Pump Conversion** | Type of Change:Modify incentiveReason for change:To align incentives with RTF savings and to drive participation | Current Qualifications (unchanged):≥ 16 SEER≥ 9.5 HSPF TXVRevised Qualifications:≥ 9.5 HSPF Current Incentive Amount: $600 (customer)$50 (contractor)Revised Incentive Amount: $1,250 (customer)$500 (contractor) |
| **Heat Pump Best Practices Installation** | Type of Change:Remove existing measure | Retirement:The measure is being removed to align measures with RTF measures. |
| **Heat Pump Tune Up** | Type of Change:Remove existing measure | Retirement:The measure is being removed to align measures with RTF measures. |
| **Heat Pump – Performance Tested Comfort Systems Commissioning, Controls, and Sizing** | Type of Change:Add a new measure | Planned Qualification: Complete RTF prescriptive checklistInstallation completed by contractorPlanned Incentive Amount: $200 (customer)$200 (contractor)Planned Delivery Methods:Downstream |
| **Duct Sealing & Insulation** | Type of Change:Modify incentive and qualificationsReason for change:To align with RTF savings and to drive participation | Current Qualifications:Rexisting ≤ 2Must add at least R-8 to ductsBoth services performed at same time80% of home served by electric heat or coolingRevised Qualifications:Rexisting ≤ 2 or replace all existing insulation with at least R-8Must add at least R-8 to ducts80% of home served by electric heat or coolingCurrent Incentive Amount: Electrically heated homes:$325 (customer)$50 (contractor)Electrically cooled homes:$100 (customer)$50 (contractor)Revised Incentive Amount: Electrically heated homes:$600 (customer)$200 (contractor)Electrically cooled homes:$100 (customer)$50 (contractor)Notes:Services can be performed by multiple contractors. The duct insulation contractor will receive the contractor incentive. |
| **Duct Sealing** | Type of Change:Add a new RTF measureReason for change:To provide increased opportunities for participation and to allow customers who already have duct insulation to reduce their duct leakage | Planned Qualification: Must have ducted electric heating or cooling system serving at least 80% of the home’s floor area. Existing insulation should only be removed if it is being replaced.Installation completed by contractorPlanned Incentive Amount: Electrically heated homes: $300 (customer)Electrically cooled homes: $100 (customer)Planned Delivery Methods:Downstream |
| **Ductless Heat Pump** | Type of Change:Modify incentive and qualificationsReason for change:To align incentives with RTF savings and to drive participation | Current Qualifications:≥ 16 SEER≥ 9 HSPF Single-Head Units OnlyRevised Qualifications:≥ 10 HSPF Single or Multi-head Units Current Incentive Amount: $750 (customer)$50 (contractor)Revised Incentive Amount: $1,000 (customer)$300 (contractor) |
| **Whole-home Upgrade Package** | Type of change:Add a bonus incentive for installing multiple measuresDescription of Bonus:Customers who install several measures together are eligible for a bonus incentive. Each element of the combined measure must meet the qualifications of the individual measure. | Planned Qualifications:Install all of the following per Program requirements:* Heat Pump or Ductless Heat Pump
* Whole-home Attic Insulation
* Whole-home Wall Insulation
* Duct Sealing & Insulation if main heat or cooling source is ducted
* Air Sealing

Planned Incentive Amount: $1,000 bonus per home |

| **Table 3 – Program Modifications (Non-Lighting, New Homes)** |
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| **Measure** **Name** | **Measure** **Name** | **Measure** **Name** |
| **New Homes ENERGY STAR Builders Option Package (BOP)** | Type of Change:Remove existing measure. | Retirement:To align with the latest ENERGY STAR best practices the BOP measure will be retired and replaced with the Home Performance Path.Currently enrolled projects will be offered the New Homes ENERGY STAR BOP through to project completion. |
| **New Homes Whole Home Performance Path** | Type of Change:Add a new measure.Description of measure:A flexible compliance method for contractors to build to energy efficient new homes.  | Planned Qualifications:To align with regional New Homes offerings, the Program will offer incentives to builders based on the new homes’ percentage improvement beyond code, beginning at 15% better than code and increasing. The home’s performance will be modeled and verified by independent third-parties and the models will be delivered to the program for final savings and incentives calculations. Additional details on Program website.Planned Incentive Amount: Up to $5,000 |
| **New Homes Windows** | Type of Change:Modify incentive and qualificationsReason for Change:To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:U-factor ≤ 0.20SHGC ≤ 0.35 Revised Qualifications:U-factor ≤ 0.22Primary heat source must be electric heat pumpCurrent Incentive Amount: $1.00/sf (electrically heated)$0.75/sf (electrically cooled)Revised Incentive Amount: $1.00/sf  |
| **New Homes Heat Pumps** | Type of Change:Modify incentive and qualificationsReason for Change:To align qualifications with RTF and incentives with savings  | Current Qualifications:≥ 9.5 HSPF≥ 16 SEERTXV Revised Qualifications:≥ 9.5 HSPFCurrent Incentive Amount: $325 (customer/builder)Revised Incentive Amount: $250 (customer/builder) |
| **New Homes Ductless Heat Pumps** | Type of Change:Modify incentive and qualificationsReason for Change:To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:Multi-head units only≥ 9.5 HSPFMust have inverter driven outdoor compressor and variable speed fan or indoor blowerRevised Qualifications:Single or multi-head units≥ 10 HSPFCurrent Incentive Amount: $800 (customer/builder)Revised Incentive Amount: $1,300 (customer/builder) |
| **New Home Central Air Conditioner** | Type of change:Modify incentive and qualificationsReason for Change:To align incentives with savings  | Current Qualifications:> 18 SEERTXVRevised Qualifications:> 18 SEERCurrent Incentive Amount: $250 (customer/builder)Revised Incentive Amount: $100 (customer/builder) |
| **New Home Dishwasher** | Type of Change:Remove an existing measure | Retirement:The measure will be retired due to very low unit energy savings making the measure not cost-effective. |
| **New Home Insulation-Attic** | Type of Change:Remove an existing measure | Retirement:The measure has been removed because the Washington State Energy Code now requires R-49 attic insulation for new homes. The incremental savings from increased insulation levels is very low and not cost-effective to implement. |
| **New Home Heat Pump Water Heater** | Type of change:Modify incentive amountReason for Change:High incremental cost of this technology has resulted in low market up-take. Due to high unit energy savings (per RTF), the Company will offer a higher incentive amount to drive more participation. The Program proposes an “up to” incentive so that the incentive can be decreased with market demand and as the price for the equipment drops.On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications (unchanged):Northern Climate Specification QualifiedCurrent Incentive Amount: $250 (customer/builder)Revised Incentive Amount: Up to $800 (customer/builder)Retirement:Due to the federal standard units that do not meet the new standard will no longer be offered incentives after April 15, 2015. |

| **Table 4 – Program Modifications (Non-Lighting, Manufactured Homes)** |
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| **Measure** **Name** | **Description of Change** | **Measure Summary** |
| **Manufactured Homes Duct Sealing** | Type of Change:Add a new RTF measure | Planned Qualification: Must have ducted electric heating system serving at least 80% of the home’s floor area. Existing insulation should only be removed if it is being replaced.Installation to be completed by contractor.Planned Incentive Amount: Up to $500 (contractor)Planned Delivery Methods:Direct InstallNote:Contractor will be reimbursed for actual job costs at no cost to the customer. Costs may include surcharge for mileage and duct testing, and other job expenses. |
| **Manufactured Homes Air Sealing** | Type of Change:Add a new RTF measureDescription of measure:Tightening a home to reduce air leakage or infiltration | Planned Qualification: Air seal entire home per program manualMust have electric heating system serving at least 80% of the homes floor area.Installation completed by contractorPlanned Incentive Amount: $0.30/sf (customer)Planned Delivery Methods:DownstreamNote:Incentive is paid based on area of conditioned space of the home |
| **New High Performance Manufactured Homes** | Type of Change:Add a new RTF measure | Planned Qualifications:Home must meet RTF specifications and receive High Performance certification by incorporating energy-efficient enclosure design and construction, HVAC systems, water heating, lighting, and appliances.Planned Incentive Amount: $2,000 (manufacturer)Note:Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |
| **New Manufactured Homes****ENERGY STAR** | Type of Change:Add a new RTF measure | Planned Qualifications:Home must receive ENERGY STAR certification by incorporating an energy-efficient building enclosure design, air-distribution system, and equipment.Planned Incentive Amount: $1,000 (manufacturer)Note:Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |
| **New Manufactured Homes****Eco-rated Homes** | Type of Change:Add a new RTF measure. | Planned Qualifications:Home must receive Eco-rated certification by achieving efficiency metrics in energy, material, water, construction practice, and indoor air quality. Planned Incentive Amount: $1,250 (manufacturer)Note:Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |

The impacts of these changes were included in the estimates for energy savings, program costs and cost effectiveness results included in Appendix 7 of the Ten-Year Achievable Conservation Potential and Biennial Conservation Target for 2014 and 2015, filed with the Commission on November 1, 2013. Cost effectiveness results for both programs were re-assessed during mid-November 2013 to support formal approval of the changes. Actual results did not vary materially from the estimated results provided in Appendix 7. The Company did not update the savings or expenditure forecasts or revised cost effectiveness results in this revised DSM Business Plan.

Please direct any informal inquiries regarding this filing to Gary Tawwater, Manager, Regulatory Affairs at 503-813-6805.

Sincerely,

Kathryn Hymas

Vice President of Finance and Demand Side Management

Enclosures