



2025 Annual Conservation Plan

for Electric and Natural Gas Programs

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2025 Annual Conservation Plan Supporting Documents

- Exhibit 1: Order number level budget and savings details
- Exhibit 2: Cost effectiveness calculations
- Exhibit 3: Program details, with measure tables, target market, marketing plans, customer incentives
- Exhibit 5: Northwest Energy Efficiency Alliance Plan
- Exhibit 5, Supplement 1: NEEA Cycle 7 Natural Gas Business Plan: Value Delivery for Puget Sound Energy

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I. Executive Summary

Consistent with WAC 480-109-120(2)¹ and applicable Sections of Exhibit F in Docket UG-011571,² Puget Sound Energy (PSE or the Company) presents this 2025 Annual Conservation Plan (the Plan or ACP). The Plan represents program revisions, improvements, and modifications that PSE is putting into place in order to update its originally indicated 2025 savings and anticipated expenditures in the 2024-2025 Biennial Conservation Plan (BCP). Development of the 2025 ACP was conducted in conjunction with PSE's Conservation Resource Advisory Group (CRAG).

IMPORTANT:

This ACP aligns with the requirements of Washington Initiative 2066 Natural Gas Policies Measure. This initiative, among other changes, repeals the House Bill 1589 Section 8 ban on PSE providing any form of rebate, incentive, or other inducement to residential natural gas customers for the purchase of any natural gas appliance or equipment beginning on Jan. 1, 2025.

PSE has included 2025 residential natural gas equipment measures and rebates in this ACP.

Table I-1: 2025 Energy Efficiency Savings Goals and Budgets presents the revised electric and natural gas savings goals and budgets as compared to their original values. PSE continues to see an uptick in customer participation.

¹ WAC 480-109-120(2): *Annual conservation plan*. On or before November 15th [*sic*] of each even-numbered year, a utility must file with the commission, in the same docket as its current biennial conservation plan, an annual conservation plan containing any changes to program details and annual budget.

² Exhibit F, Settlement Terms for Conservation, is often referred to as the Stipulation Agreement. The corresponding electric portion of the Agreement, UE-011570, was vacated by the 2010 Electric Settlement Agreement in Docket UE-100177. Sections with which this Plan complies include, but are not limited to: C.5, E.14, H.21-27, and K.34.

Table I-1: 2025 Energy Efficiency Savings Goals and Budgets

2025 Energy Efficiency						
Portfolio Amounts						
	Originally Indicated		Updated ACP Values		Revised TRC	Revised UCT
	Savings	Budgets	Savings	Budgets		
Electric	207,614 MWh	\$126,776,073	206,521 MWh	\$136,419,201	1.61	1.97
<i>Percent Change</i>			<i>-0.5%</i>	<i>7.6%</i>	<i>(BCP: 1.73)</i>	<i>(BCP: 2.12)</i>
Natural Gas	3,460,204 Therms	\$29,071,274	3,829,765 Therms	\$35,574,179	1.47	1.43
<i>Percent Change</i>			<i>10.7%</i>	<i>22.4%</i>	<i>(BCP: 1.25)</i>	<i>(BCP: 1.35)</i>
Total Budget		\$155,847,346		\$171,993,379		
<i>Percent Change</i>				<i>10.4%</i>		

All references to electric and natural gas 2025 updates are to savings and budget figures enumerated in PSE's original 2024-2025 BCP filing on Nov. 1, 2023, and have been approved by the Washington Utilities and Transportation Commission (UTC or Commission) on Jan. 17, 2024, in Order 01.

The Plan consists of this Overview document and a series of supporting Exhibits in which PSE provides electric and natural gas program updates specific to 2025.

A. Influence of ACP Updates on 2024-2025 BCP Total Utility Conservation Goal

PSE provides an estimate of the impact that the updated 2025 ACP will have on the overall Total Utility Conservation Goals in Table I-2: 2024-2025 Total Utility Conservation Goal Forecast. The table provides the forecast 2024 electric and natural gas total savings combined with the 2025 ACP.³ As shown in the table, PSE is on track to exceed its overall Total Utility Conservation Goals.

³ 2024 year-end forecast as of September 2024, program detail is available in the Electric and Natural Gas Comparison tabs in Exhibit 1.

Table I-2: 2024-2025 Total Utility Conservation Goal Forecast

2024-2025 Energy Efficiency					
Total Utility Conservation - Projection					
	2024-2025 BCP		2024 YE Forecast + 2025 ACP		Revised TRC
	Savings	Budgets	Savings	Budgets	
Electric	408,065 MWh	\$246,287,464	448,117 MWh	\$270,994,830	2-year TRC will be calculated in the 2024-2025 Biennial Conservation Report.
<i>Percent Change</i>			<i>9.8%</i>	<i>10.0%</i>	
Natural Gas	7,039,189 Therms	\$58,230,217	7,750,472 Therms	\$66,789,705	
<i>Percent Change</i>			<i>10.1%</i>	<i>14.7%</i>	
Total Budget		\$304,517,682		\$337,784,535	
<i>Percent Change</i>				<i>10.9%</i>	

It is noteworthy that it is not possible for PSE to finalize the actual 2024 annual savings totals until the first quarter of 2025.

B. Savings and Expenditure Updates to the 2024-2025 Biennial Conservation Plan

In the Chapters III through IX program discussions, PSE includes the original 2024-2025 program overviews — as provided in the Nov. 1, 2023, BCP filing — as a courtesy to readers.

PSE highlights these with unique section headers to clearly differentiate the discussions. These provide a point of comparison to 2025 updates, revisions, and enhancements — also denoted by a unique section header — in compliance with WAC 480-109-120(2) and emphasize PSE's adaptive management through its application of continuous improvement principles. PSE details updated 2025 savings, measure values, and budget figures in Exhibit 1: *Savings and Budgets*. Comparisons of original 2025 figures to those updated in the 2025 ACP refer to the 2025-specific page of the 2024-2025 Exhibit 1: *Savings and Budgets*.

1. 2025 Electric Savings/Expenditure Revisions

In its 2024-2025 BCP, PSE indicated that its 2025 electric savings goal was 207,614 megawatt-hours (MWh) with anticipated expenditures of \$126.8 million (including Other Electric Programs). As indicated in Table I-1, the updated 2025 savings goal is now 206,521 MWh with anticipated expenditures of \$136.4 million. These figures represent a 0.5% decrease and an increase of 7.6% from the original values, respectively.

2. 2025 Natural Gas Savings/Expenditure Revisions

In its 2024-2025 BCP, PSE indicated that its original 2025 savings goal was 3.46 million therms with an anticipated expenditure of \$29.1 million. As indicated in Table I-1, the updated 2025 natural gas savings goal is now 3.83 million therms with anticipated expenditures of \$35.6 million. These figures represent a 10.7% increase and an increase of 22.4% from the original values, respectively.

C. Key Focus Area Updates

1. House Bill 1589 Partial Repeal by Initiative 2066

Passed on March 5, 2024, and enacted on March 28, 2024, under Chapter 351 of 2024 Laws,⁴ House Bill 1589 brought potential new rules to the PSE resource planning process and requirements to conduct electrification work. It also required PSE to phase out residential natural gas appliance or equipment incentives by Jan. 1, 2025. Section 8(1) of HB 1589 precludes PSE from offering some natural gas rebates in 2025 going forward:

Sec. 8(1) Beginning January 1, 2025, no large combination utility may offer any form of rebate, incentive, or other inducement to residential gas customers to purchase any natural gas appliance or equipment. Until January 1, 2031, rebates and incentives for commercial and industrial gas customers are not included in this requirement. Rebates and incentives for electric heat pumps that include natural gas backups may be offered until January 1, 2031.

In the Nov. 5, 2024, Washington State general election, voters passed I-2066⁵ that repealed portions of HB 1589 including Section 8. Therefore, PSE's Customer Energy Management (CEM) programs **will** continue residential natural gas furnace, water heater, and boiler offerings in 2025. Additionally, PSE is aware of potential changes to the Washington State Energy Code (WSEC). However, at this time, PSE does not anticipate any impacts to 2025 new construction program savings due to the uncertainty around implementation timing and rulemaking. It is important to note that PSE's new construction programs are designed to adapt to code baseline changes.

⁴ <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/House/1589-S.SL.pdf>

⁵ https://www2.sos.wa.gov/assets/elections/initiatives/finaltext_3177.pdf

2. Equity Focus

Since the filing of the 2024-2025 BCP, there have been no significant changes to equity-focused planning for 2025. To read about CEM’s comprehensive equity strategy and Distributional Equity targets for the biennium, please see pages 10-25 of the 2024-2025 BCP’s Executive Summary.

The table below shows the total eligible distributional equity targets for the biennium. Progress about percentages achieved during 2024 will be reported in the 2024 Annual Report of Conservation Achievements, which will be published in early 2025.

Table I-3: 2024-2025 Biennial Distributional Equity Target

Energy Efficiency	Named Communities (30% by 2025)	Deepest Need (2.5% by 2025)
Distributional Equity Target	104,987 MWh*	3,727 MWh**

* Does not include NEEA and Schedule 258

** Reflective of the portion MWh savings attributable to residential energy efficiency programs for existing buildings. See BCP Chapter 5.

To read every Equity Focus at the program-by-program level, please see Chapter I of the BCP. For specific continued and new actions for the 2025 fiscal year, please see the summary table below.

Table I-4: Specific and New 2025 Equity Actions

Equity Domain	Continued Actions	New Actions
Recognition	<ul style="list-style-type: none"> Continue to track participation of customers in Named Communities and Deepest Need segments Distributional Equity Analysis — identify barriers and measures to address disparities (please refer to the Glossary of Terms for the definition of Distributional Equity Analysis) 	<ul style="list-style-type: none"> Based on participation diagnostics, implement adaptive management measures to address design and/or delivery of programs.
Procedural	<ul style="list-style-type: none"> Continue to focus on prioritizing outreach efforts into Named Communities 	<ul style="list-style-type: none"> Analyze feedback “themes” encountered as the Energy Efficiency Communities (EEC) team

		<p>(and other PSE teams) gather in-field customer feedback from Named Communities</p> <ul style="list-style-type: none"> Focus Public Participation efforts on small and medium businesses and Commercial and Industrial (C/I) customers
Distributional	<ul style="list-style-type: none"> Improve participation of Named Communities and customers with Deepest Need through the Small Change, Big Impact Campaign. Learnings from the 2024 campaign and Public Participation (P2) engagements will be applied to 2025 efforts. Deliver 30% of energy benefits, at the tranche level, among Named Communities Deliver 2.5% of energy benefits among customers with Deepest Need from existing residential programs 	<ul style="list-style-type: none"> Co-deploy with other programs (like Demand Response Solar and Renewables) to ensure energy efficiency customers enhance their benefits with bundled products and programs
Restorative	<ul style="list-style-type: none"> Continue to revise the Equity Focus and Logic Model of programs to ensure offerings and the customer journey are equitable 	

Details about 2024 equity-related progress and Distributional Equity target achievements will be provided in the Equity Focus section of the upcoming 2024 Annual Report of Energy Conservation Achievements — to be published in the spring of 2025.

3. Marketing — Sounders

PSE has entered a corporate and conservation sponsorship with the Seattle Sounders FC that is geared toward emphasizing sustainability and reaching a broad swath of customers in Named Communities. This partnership is set to launch in February 2025, and it will emphasize the benefits of clean and efficient energy usage to Sounders fans while prioritizing Highly Impacted Communities and Vulnerable Populations — who constitute Named Communities — outside of the stadium in a variety of ways like:

- Holding PSE + Sounders events focused on Latinx communities
- Presenting a sustainability curriculum and educational opportunities for families

- Appointing Spanish-speaking player ambassador Pedro de la Vega to deliver information about PSE energy management programs
- Providing tickets for Named Community members
- Leveraging Sounders-owned fan channels (e.g., social media, website, email, etc.) to amplify messages in both Spanish and English

Success metrics for this partnership include: energy management program participation that is directly driven by the partnership's engagements and tactics; general energy management program awareness among customers in Named Communities; the number of tickets distributed to customers in Named Communities; the number of engaged conversations with customers at events driven by player appearances and giveaways; and content impressions and engagement. PSE's Events team defines an "engaged conversation" as an interaction that completes in an opportunity to pitch a program, to make a conversion, or an enrollment.

4. Federal and State Funding

In July 2024, PSE was conditionally awarded \$1.5 million in grants from the Washington Department of Commerce (Commerce) to provide cold climate heat pumps to moderate-income customers — who are defined as those below 120% of the Area Median Income (AMI). These funds will cover a \$5,000 rebate to PSE dual fuel and electric-only customers who are upgrading from natural gas or electric furnaces to cold climate heat pumps. As of September 2024, PSE is still in the contracting phase with Commerce, which involves finalizing the agreement and terms of the grant. PSE expects these rebates to be live for the first half of 2025 or until funds are exhausted.

In July 2024, the U.S. Department of Energy (DOE) approved Commerce's application for the use of IRA-funded Home Electrification and Appliance Rebate (IRA HEAR) funds. Commerce is currently in the final design stages and expects to launch these rebates in 2025. Although the specifics of the fund and program are not yet known beyond a Commerce-managed rebate, PSE has participated in Commerce working groups to provide expertise and concerns where applicable. As Commerce gets closer to launch and provides more detail, PSE will continue to collaborate to streamline the customer experience and maximize customer benefits.

D. Regulatory Interested Party Engagement and Reporting

Throughout the Plan, PSE addresses and references discussions, requests, and agreements made with its regulatory interested parties in 2024.

1. Conservation Resource Advisory Group (CRAG)

PSE proactively engaged the CRAG in the development of this ACP and provided the CRAG with:

- Discussions surrounding issues relating to HB 1589 and its implementation in the ACP in its Aug. 7, 2024, CRAG meeting
- Draft ACP review in its Oct. 9, 2024, CRAG meeting and discussion of the effects of I-2066's potential repeal of Section 8 of HB 1589
- In accordance with WAC 480-109-110(3), an electronic draft 2025 ACP on Oct. 15, 2024

E. Compliance

This 2025 ACP complies with WAC 408-109-110(2) and all other rules adopted in 2024.

The 2025 ACP also complies with applicable conditions in Attachment A of Order 01 in Docket UE-230892 relative to program design, cost-effectiveness tests, required involvement in preparation of 2025 activities, etc. The Plan is also consistent with condition (4), which indicates that PSE's annual budgets must be provided in a detailed format and show projected savings.

Lastly, the ACP is consistent with Section F.11⁶ of the 2010 Settlement Agreement in Docket UE-100177, and the natural gas-specific sections of the 2002 Rate Case Stipulation Agreement, Exhibit F of Docket UG-011571.

1. Compliance with Conservation Types Included in the Portfolio

The revisions in the 2025 ACP reflect program staff's review of all elements listed in WAC 480-109-100(1)(b) — listing the types of conservation that must be included in a utility's Portfolio, where possible.⁷ PSE presents the chapter locations of its program discussions in Table I-5.

⁶ Pertaining to the development of an annual electric budget.

⁷ As noted in WAC 480-109-100(1)(a)(ii), [...] If no cost-effective, reliable and feasible conservation is available from one of the types of conservation, a utility is not obligated to acquire such a resource.

Table I-5: 2025 Conservation Type References

Requirement	BCP Location
End-use efficiency	All Residential Energy Management (REM) and Business Energy Management (BEM) programs
Behavioral programs	REM and BEM sections
High-efficiency cogeneration	No projects identified during 2024-2025 planning
Production and distribution efficiency	Chapter 1, Section D: Regional Programs, Schedule 292
Market transformation	Chapter 1, Section D: Regional Programs, 1. Northwest Energy Efficiency Alliance — Schedule 254
Pilots	Chapter 1, Section C: Pilots

F. Following Chapters

This document discusses the management steps that PSE put into place in order to achieve its indicated savings goals while effectively managing expenses and providing exemplary stewardship of customer funds.

PSE discusses key drivers of budgets and savings goals in Chapter II: *Program Discussions* and in the program detail discussions. Some standard Energy Efficiency Exhibits are biennially focused documents and are thus excluded from the 2025 ACP.

Biennial exhibits excluded from the 2025 ACP are:

- Exhibit 6: *Evaluation Plan*
- Exhibit i: *Ten-Year Potential, Two-Year Target Development*

Annual exhibits included in the 2025 ACP are:

- Exhibit 1: *Savings and Budgets*
- Exhibit 2: *Cost-Effectiveness Estimates*
- Exhibit 3: *Program Details*
- Exhibit 5: *NEEA's 2025 Updated Planned Activities Report*
- Exhibit 5, Supplement 1: *NEEA Cycle 7 Natural Gas Business Plan: Value Delivery for Puget Sound Energy*

Also, as backward-looking documents, Exhibit 4: *Prescriptive Measures* and Exhibit 7: *Requirement Compliance Checklist* are included in PSE's Annual Conservation Reports, and they are, therefore, omitted from the Plan.

With this 2025 ACP, PSE continues its principle of providing a wide range of business information in a form that meets interested party needs with a high degree of transparency. The Plan demonstrates PSE's long-standing application of continuous improvement principles — in all Customer Energy Management (CEM) business operations, including each support function — to adaptively manage its conservation portfolio in a dynamic marketplace. As a courtesy to interested parties, PSE actively solicits, welcomes, and incorporates comments and suggestions on all of its filing documents.

II. Program Discussions

Consistent with their application of the adaptive continuous improvement approach, both of PSE’s Residential Energy Management (REM) and Business Energy Management (BEM) sectors prioritize: maximizing customer participation and ongoing program development, equitable design, and delivery.

The following sections detail REM and BEM’s adaptive management techniques to maximize 2025 program reach and achieve conservation savings targets in response to market fluctuations and legislative decisions.

PSE provides program and sector savings and budget details in Exhibit 1: *Savings and Budgets*. PSE discusses program plans in the following sections, with comprehensive reviews of target markets, marketing and outreach initiatives, and customer incentives contained in Exhibit 3: *Program Details*.

A. 2025 Conservation Savings Goals and Anticipated Expenditures

Table II-1 presents the overall electric savings and anticipated spending by energy efficiency sector, as compared to the 2025 figures presented in the 2024-2025 Electric Savings Target, which the Commission approved in Order 01, Docket UE-230892 on Jan. 17, 2024.

Table II-1: Comparison of Updated 2025 Electric Savings and Spending

2025 Comparison: Electric BCP versus ACP Update						
Sector	Savings, MWh			Expenses		
	Original 2025 Plan As indicated in 2024-2025 BCP	Updated 2025 ACP	Percent Change	Original 2025 Plan As indicated in 2024-2025 BCP	Updated 2025 ACP	Percent Change
Residential Energy Management	79,385	84,609	6.6%	\$43,849,660	\$52,226,124	19.1%
Business Energy Management	100,374	98,531	-1.8%	\$48,790,635	\$47,932,797	-1.8%
Pilots	0	0	0.0%	\$0	\$0	0.0%
Regional (NEEA, Generation/Transmission/Distribution)	27,855	23,381	-16.1%	\$5,396,765	\$7,267,830	34.7%
Portfolio Support				\$14,662,069	\$14,526,008	-0.9%
Research & Compliance				\$4,010,038	\$3,294,837	-17.8%
Other Electric Programs				\$10,066,905	\$11,171,604	11.0%
Totals	207,614	206,521	-0.5%	\$126,776,073	\$136,419,201	8%

Table II-2 also presents the overall natural gas savings and anticipated spending by energy efficiency sector. References to the natural gas 2025 original plan are presented in the approved BCP mentioned above.

Table II-2: Comparison of Updated 2025 Natural Gas Savings and Spending

2025 Comparison: Natural Gas BCP versus ACP Update						
Sector	Savings, Therms			Expenses		
	Original 2025 Plan As indicated in 2024-2025 BCP	Updated 2025 ACP	Percent Change	Original 2025 Plan As indicated in 2024-2025 BCP	Updated 2025 ACP	Percent Change
Residential Energy Management	2,234,774	2,572,293	15.1%	\$16,110,549	\$21,686,661	34.6%
Business Energy Management	1,225,431	1,257,473	2.6%	\$7,329,012	\$7,106,411	-3.0%
Pilots	0	0	0.0%	\$0	\$0	0.0%
Regional <i>(NEEA, Generation/Transmission/Distribution)</i>	0	0		\$1,867,585	\$3,250,978	74.1%
Portfolio Support				\$2,993,180	\$2,914,699	-2.6%
Research & Compliance				\$590,948	\$435,429	-26.3%
Other Gas Programs				\$180,000	\$180,000	0.0%
Totals	3,460,204	3,829,766	11%	\$29,071,274	\$35,574,178	22%

B. Program Drivers of Change in Expenditures and Savings

PSE anticipates notable increased expenditures and savings reductions (from originally planned 2025 values) in several programs driven by shifts in customer participation across programs, incentive changes due to inflation and market trends, and other factors. PSE continually strategizes to help customers save additional energy wherever possible and by using the most efficient means available. The program sectors will continue to implement adaptive responses to systematic adjustments throughout the biennium.

Significant changes to program savings and spending in the 2025 ACP from the planned second year (2025) of the BCP include the following:

1. Electric Drivers – Expenditures

- The Multifamily Retrofit program is expecting a \$3,858,997 increase, a 58% change, in expenditures because air sealing incentives were increased in 2024 to drive more weatherization projects throughout both 2024 and 2025. The increase of weatherization and fewer lighting projects has resulted in higher program costs. As a consequence, the program budget has grown for 2025 from initial projections.

- To keep pace with inflation and more closely reflect costs encountered by agencies in the field, the Low Income Weatherization (LIW) program is providing increased electric and natural gas incentives and expecting a \$3,839,994 increase, a 36% change, in Electric Rider Budget expenditures for 2025.
- The Single Family New Construction (SFNC) program is expecting a \$1,620,844 increase, a 207% change, in expenditures based on the project pipeline and a planned communication campaign with local builders and raters.
- The Single Family Existing Weatherization program is expecting a \$1,583,750 increase in expenditures, a 44% change, because higher incentives implemented for the 2024-2025 biennium are driving rebate-eligible customers to seek out PSE Trade Allies within the Trade Ally Network (TAN) to complete weatherization improvements. Additionally, more participating contractors are choosing to become Trade Allies.
- The Residential Midstream HVAC and Water Heat program has a \$1,574,077 decrease, a 21% change, in expenditures due to lower-than-expected administrative costs.
- Demand Response (DR) administration costs are increasing by \$1,168,494, a 22% change, due to program growth. Increases include equipment provisioning, marketing, IT support, and employee expenses.
- The Home Energy Reports (HER) program has a \$915,999 decrease to its 2025 budget, a 39% change, because of lower actual implementation costs from the program's third-party vendor than were initially forecast.
- The Lighting to Go program has a \$684,514 decrease, a 21% change, due to its transition to a new third-party implementer and a realignment of allocated costs.
- The Large Power User (LPU) program targeting High Voltage, Self-Directed Non-449 Customers is expecting a \$641,882 decrease, a 34% change, in expenditures due to a lack of projects at the time of the filing of this document. Discussions with the program's customers on their project prospects for 2025 also factored into the decrease.
- The Commercial Foodservice program has a \$217,256 increase, a 26% change, because PSE anticipates higher customer participation in 2025 than originally planned. This has resulted in a net increase in savings and a corresponding increase in budget due to rebate redemptions.

2. Electric Drivers – Savings

- Transmission & Distribution has a 4,474 MWh decrease, a 50% change, for 2025. Initial savings targets were carried over from the results of the first two implemented Conservation Voltage Reduction (CVR) projects. Because the projects with the highest savings targets were implemented first, savings per

project have diminished over time as expected. The revised savings estimate uses the median savings per substation of 2023's implemented CVR projects.

- The LPU program targeting High Voltage, Self-Directed Non-449 customers has a 2,174 MWh decrease, a 73% change, in 2025 savings estimates due to a lack of projects that have been received in 2024 at the time of the filing of this document. Discussions with the program's customers on their project prospects for 2025 also factored into the decrease.
- The SFNC program has a 1,726 MWh increase, a 548% change, based on the project pipeline and a planned communication campaign with local builders and raters.
- The Multifamily Retrofit program has a 1,150 MWh increase, a 21% change, in 2025 savings because, as the program evolves, PSE is seeing customers take on more expensive projects like air sealing, which is a weatherization measure.
- The Lodging Rebates program has a 500 MWh projected savings increase, a 25% change, for 2025. This is based on a slight increase in the electric savings targets for 2025 to account for the increased availability, and subsequent popularity, of PSE's incentive model for the program's customers.
- The Commercial HVAC Rebates program has a 459 MWh savings decrease, a 40% change, for 2025 due to a combination of staff turnover that has affected the momentum of the program and the lack of Advanced Rooftop Controls (ARC) customer participation.
- The Commercial Foodservice program has a 290 MWh increase, a 33% change, because PSE anticipates higher customer participation in 2025 than originally planned. This has resulted in a net increase in savings and a corresponding increase in budget due to rebate redemptions.

3. Natural Gas Drivers – Expenditures

- The Single Family Existing Weatherization program has a \$5,256,633 increase, a 74% change, due to increased incentives and more participating contractors.
- The Home Energy Reports (HER) program has a \$749,166 decrease, a 39% change, to its 2025 budget because of lower actual implementation costs from the program's third-party vendor.
- The Smart Thermostats program has a decrease of \$448,296, a 21% change, projected for 2025 because of predicted market trends.
- The Small Business Direct Install (SBDI) program has a budget decrease of \$345,540, a 96% change, because of greatly increased contractor installation costs that have created a barrier to HVAC contractor program participation.

- The Commercial Food Service program has a \$333,760 increase, a 29% change, in its 2025 budget because PSE anticipates higher customer participation in 2025 than originally planned, resulting in a net increase in savings and a corresponding budget increase due to rebate redemptions.
- Pay for Performance (P4P) has an \$85,667 decrease, a 43% change, because a large project is no longer forecast for 2025. This is due to a change of scope toward electrification.

4. Natural Gas Drivers – Savings

- The Single Family Existing Weatherization program anticipates an increase of 165,204 therms, a 49% change, in savings forecast for 2025. Higher incentives implemented for the 2024-2025 biennium are driving the increased savings via more rebate-eligible customers completing weatherization improvements and more contractors choosing to become Trade Allies and offer rebates.
- The Single Family Existing Space Heat program has an increase of 237,489 therms, a 113% change, in its 2025 forecast because of a new rebate on hybrid systems.
- The Smart Thermostats program has a savings decrease of 67,044 therms, a 26% change, because of predicted market trends.
- The Commercial Foodservice program has an increase of 61,992 therms, a 57% change, because PSE anticipates higher customer participation in 2025 than originally planned. This has resulted in a net increase in savings and a corresponding increase in budget due to rebate redemptions.
- The SBDI program has a projected decrease of 25,560 therms, an 87% change, due to greatly increased contractor installation costs that have created a barrier to HVAC contractor program participation.

C. Adaptive Management

PSE utilizes the definition provided in WAC 480-109-100 (iv) for adaptive management, “Continuously review and update as appropriate the conservation portfolio to adapt to changing market conditions and developing technologies.”

PSE’s focus on adaptive management through continuous improvement makes it possible for the Company to provide exceptional service, connect with customers, and strive toward conservation goals. In 2025, CEM will continue to implement many adaptive and continuous-improvement initiatives that will positively influence its ability to implement the Clean Energy Transformation Act (CETA) while also mitigating external impacts to savings achievement. Many of these

initiatives carry over from 2024. Listed below are some highlights that PSE discusses in more detail in the coming chapters and in Exhibit 3: *Program Details*.

Current 2024 Activities that Will Continue in 2025

- Incentive adjustments — like limited-time offers (LTOs) put in place by programs like Smart Thermostats, Space Heat, and Home Appliances — to drive savings, adapt to market trends, and, in the case of the Low Income Weatherization (LIW) program, incentive increases to keep pace with inflation and fluctuating levels of program participation
- Outreach and relationship-building via community-based organizations (CBOs) (Smart Thermostats), marketing campaigns (Low Income Weatherization, SBDI, Water Heat, Demand Response [DR], Seattle Sounders Partnership to reach Named Communities customers), and account executives (Commercial/Industrial [C/I] New Construction)
- Aligning marketing efforts between CEM and other PSE teams to reach customers more cohesively
- The transcreation of marketing materials into more of the languages spoken by PSE's customers (Home Appliances, SBDI, Lighting to Go); a continuation of efforts to more equitably provide services to customers across PSE's service territory, especially those in Named Communities (portfolio-wide as applicable); addressing barriers to program participation (CSEM); and identifying solutions to increase program accessibility (Space Heat, Commercial HVAC)
- Updates to customer-facing portals (Smart Thermostats, PSE Marketplace, C/I New Construction), forms (Home Appliances, Water Heat), and referral processes to streamline customer access to various service offerings (Weatherization, Virtual Commissioning)
- Collaboration with consultants to use evidence-based research to improve savings methodologies (Virtual Commissioning, BCAR)
- Updates to forecasts based on market trend predictions (Smart Thermostats)
- Adding staff as needed to grow programs and achieve savings targets (DR)
- Adding rate schedule 31EC consumption data to the Virtual Commissioning program to increase the number of eligible customers
- Adhering to the 2021 Washington State Energy Code (WSEC) Guidelines that went into effect in 2024
- Promotion of the Energy Usage Intensity (EUI) Performance method (C/I New Construction) that allows customers to capture savings at a whole-building level without requiring an energy model

- The Energy Efficiency Communities (EEC) team has designed a new mobile feedback tool to provide real-time customer feedback about programs
- Improving payment processes to increase the speed at which customers receive rebates from PSE
- The Demand Response (DR) team added Flex Battery at the end of Q3 of 2024 and, at the end of Q4 of 2024, will launch Flex Water Heat

Customer Energy Management 2025 Planned Actions

- The LIW program will continue working with Commerce to coordinate the effective leveraging of utility- and Commerce-managed funds. The program will also continue to spend Macquarie Settlement dollars and make a good faith effort to meet the 2022 General Rate Case (GRC) commitment.
- The Single Family New Construction (SFNC) program is working with a third-party vendor to run a communications campaign.
- The Commercial/Industrial (C/I) Retrofit program will simplify the payment process for controls projects so that customers can receive incentives sooner.
- The Existing Building Commissioning and Major HVAC Controls sub-program of the Commercial & Industrial (C/I) Custom Grant Non-Lighting program will increase the Building Level Metering grant to further encourage and incentivize commissioning and controls upgrades.
- The Comprehensive Small Industrial (CSI) program will continue to work with customers to implement a new operations and maintenance (O&M) only approach that was adopted in 2024. In 2025, when customers have capital projects, PSE will work with them to find additional O&M opportunities and incentivize savings.
- The Comprehensive Small Industrial in Named Communities (CSI NC) program is launching in 2025, and it is designed to help small industrial customers by providing additional energy services and higher incentives up to 100% of eligible project cost.
- The Clean Buildings Accelerator (CBA) program will focus on helping customers benchmark and develop sector-specific guidance on reducing their building energy waste.
- The Northwest Energy Efficiency Alliance (NEEA) has proposed a study for 2025-2027 to find tools and resources that address known barriers to commercial sector energy efficiency engagement and to provide those tools and resources to the commercial building sector to encourage it to undertake energy efficiency and decarbonization retrofits.
- The Market Integration team will emphasize customer education and awareness efforts via its Small Change, Big Impact awareness campaign and foster “Energy

Orchestration,” a broad corporate effort to enhance customer engagement and partnership with the utility, via customer experience (CX) driven work.

- PSE is working to evaluate potential thermal energy network concepts in its service territory — an opportunity created by HB 2131 and signed into law in 2024.

III. Residential Energy Management Detailed Program Discussions

A. Low Income Weatherization

Schedules E/G 201

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Low Income Weatherization program improves the energy efficiency of single-family residences, multifamily structures and manufactured/mobile homes, provides education on routine ways to reduce energy use and costs, and supports health and safety measures and energy-related repairs. Funding from this program supports many cost-effective home weatherization measures for low-income customers receiving natural gas and/or electric heat from PSE. The blend of funding, including several sources from PSE, results in free building upgrades for qualifying customers.

During the 2024-2025 biennium, the program will have the continued goal to lessen the energy-cost burden of lower-income customers by improving the energy efficiency of their residences while achieving additional non-energy related benefits, such as health and safety improvements and improved home comfort.

Further, during the 2024-2025 biennium, PSE will continue to implement the terms of the Multiparty Settlement Stipulation and Agreement (Macquarie Transfer), Docket UE-180680; the Settlement Agreement (Microsoft Settlement), Docket UE-161123; and the 2022 GRC Revenue Requirement Settlement Stipulation and Agreement, Docket UE-220066.

Equity Focus

In the 2024-2025 biennium, the PSE Low Income Weatherization program will continue to work to improve access for all PSE customers, embracing principles of diversity, equity and inclusion (DEI).

- PSE will partner with the Low Income Weatherization agency network to communicate examples of DEI best practices that exist at the PSE or agency level. An example includes second-language best practices or any practice that may enhance program inclusivity.*

Also, PSE staff will engage with customer groups such as the Equity Advisory Group (EAG) and will update and leverage energy burden data analysis performed by the PSE Customer Insights team along with Named Communities data.

As Named Communities are identified and updated, these communities will continue to be folded into Low Income Weatherization customer engagement strategies. This will inform program strategies to reduce or remove systematic and participation barriers and to target future outreach and marketing campaigns in communities with high energy burden.

In this regard, the following specific actions will take place:

- *PSE will continually work with agencies to identify ways to maximize leveraging opportunities with state and federal dollars to increase savings and participation numbers.*
- *At Low Income Weatherization annual meetings, PSE will ensure agencies have met and made a connection with the outreach representative assigned to their community.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The LIW program will continue to spend Macquarie Settlement dollars, including the \$2.1 million original commitment and the additional \$1.5 million commitment, for a total of \$3.6 million to be spent by Dec. 31, 2026.

In 2025, PSE will continue to make a good faith effort to meet the 2022 General Rate Case (GRC) commitment by providing increased incentives in both the electric and natural gas programs to keep pace with inflation and more closely reflect costs encountered by agencies in the field. PSE assessed the need for increases, and the appropriate level of those increases, through a combination of the consumer price index, measure costs where completed project data was available, and through conversations with The Energy Project and agencies. This has resulted in increased overall forecast budgets.

Equity Focus

PSE will continue to target its outreach and marketing tactics toward Named Communities and those customers with the deepest need. In 2025, PSE will continue to coordinate with the Department of Commerce (Commerce) to identify ways to maximize agency production through the effective leveraging of utility- and Commerce-managed funds.

B. Single Family Existing

Schedules E/G 214

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This suite of programs is the largest contributor of savings in REM and includes the following programs:

- *Space Heat,*
- *Water Heat,*
- *Residential Midstream HVAC and Water Heat,*
- *Weatherization,*

- Home Appliances,
- Smart Thermostats,
- Home Energy Reports,
- Efficiency Boost, and
- Electric Vehicle (EV) Chargers.

1. Space Heat

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Space Heat program accounts for a significant amount of anticipated electric and natural gas savings. This program manages incentives and installations of natural gas and electric home heating systems. As pilot-like initiatives, this program will include Advanced Duct Sealing incentives and a Hybrid heat pump/natural gas furnace incentive in 2024-2025. Boilers and integrated space heat measures are moving to the Residential Midstream HVAC and Water Heat program in 2024-2025. In alignment with the Regional Technical Forum (RTF), the natural gas furnace deemed savings and incremental measure cost will be reduced. Limited-Time Offers (LTOs) are planned during spring and fall, which is traditionally the slow season for HVAC contractors. The goal of this is to improve customer experience by servicing more customers outside of the busy winter and summer seasons to help access seasonally lower prices.

Equity Focus

The Space Heat program accounts for a significant amount of anticipated electric and natural gas savings. This program manages incentives and installations of natural gas and electric home heating systems. The Space Heat program focuses on addressing high customer energy burden and increasing accessibility within Named Communities. To that end, the program is pursuing the following concrete actions:

- *Continued in-person outreach through Trade Allies and through PSE's Energy Efficient Communities team. PSE will identify these customers by Census blocks. To increase accessibility, Space Heat is utilizing all existing transcreated materials to reach customers in Spanish. These outreach materials will be distributed at events, and via social media, email, and mail*
- *Educating customers about the program's offerings through the development of relationships with community partners that reach senior citizens, refugees, and people accessing food banks, employment resources, and language resources. PSE will prioritize regions most in need as identified through customer insight internal tools.*

Additionally, Space Heat will continue to cultivate innovation in the following key areas:

- *Directly offering larger incentives to manufactured home residents and to moderate-income customers through the Efficiency Boost program, offering higher incentives to income-qualified customers*
- *Simplifying program offerings to improve customer experience and increase participation.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

After a successful hybrid heat pump incentive pilot, the Space Heat program will offer a rebate for customers installing a heat pump paired with an existing or new natural gas furnace. Product eligibility for centrally ducted heat pump measures will be streamlined consistent with updates by the Regional Technical Forum (RTF).

The success of the pilot and the related rebate is driving a higher therm savings projection for 2025.

2. Water Heat

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This Water Heat program manages downstream incentives and installations of single-family residential water heating for both electric and natural gas customers. This program provides rebates for tankless natural gas water heaters and electric heat pump water heaters (HPWH).

Program staff will continue collaborating with Tacoma Power, Snohomish Public Utility District (SnoPUD), and NEEA to provide customers the retail HPWH program via a coupon for customers to redeem at the register at regional Lowe's and Home Depot stores.

New downstream focused HPWH incentives will refocus program efforts directly on customers and contractors to provide them with the necessary incentives and education to install HPWHs. PSE will work with its trade allies to ensure a positive customer journey. PSE will also help Trade Allies understand and be motivated by the business opportunities hot water solutions, especially HPWHs, represent.

Equity Focus

In the 2024-2025 biennium, the Water Heat program will continue to work on addressing barriers to participation with a heightened focus on those listed below, as they were indicated by PSE's Named Communities Dashboard to be significant:

1. Higher Energy Burden

- The Single Family Water Heat Program is also part of the Efficiency Boost program, offering higher incentives to income-qualified customers. These*

increased incentives are address the incremental measure cost and provide low-to-moderate income customers increased access to efficient electric heat pump and gas tankless water heaters.

2. Education and Installation

- i. The Named Communities dashboard indicates that water heat participants within areas defined as Vulnerable Populations (VPs) have declined in recent years. To accommodate customer education, PSE has developed material available for customers to pick up in retail stores and access at outreach events and online. Additionally, contractors that are Recommended Energy Professionals can provide low-to-moderate income customers instant discounts on their invoices, simplifying the customer process to receiving higher incentives. Income qualification begins with a quick income conversation with PSE Energy Advisors (EAs) before a contractor is contacted or during the initial contractor conversation.*
- ii. PSE will also seek out minority business enterprise (MBE) and women business enterprise (WBE) contractors. The intention is for these companies to gain more business, which may deliver direct economic benefits to Named Communities. These contractors may also provide a point of access to Named Communities customers in a partially organic marketing approach. PSE will support these contractors with training necessary to sell this technology.*

3. Accessible Measures

- i. Increased low-to-moderate income customer participation in the program is being targeted through the inclusion of accessible downstream HPWH measures. The shift from midstream is to focus on the customer desire for HPWHs and to improve awareness of the product more directly. This will include marketing material in multiple languages.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2025, program staff will continue collaborating with Seattle City Light, Snohomish Public Utility District (SnoPUD), and the Northwest Energy Efficiency Alliance (NEEA) to provide customers the retail HPWH program via a coupon to be redeemed at the registers of regional Lowe’s and Home Depot stores but not Tacoma Power. In 2024, Tacoma Power stopped participating in the retail program to pursue a downstream model managed in house instead of through an implementer.

Equity Focus

PSE has streamlined the in-field qualification of low- and moderate-income customers through the inclusion of accessible downstream HPWH measures and increased Efficiency Boost

incentives for HPWHs in 2025. In addition to Spanish and Korean, HPWH program rebate forms and marketing materials will be transcreated in Vietnamese in 2025, which will allow this population to more easily access PSE rebates. Also in 2025, the Energy Efficient Communities (EEC) team will emphasize the presence of bilingual staff who help support PSE's in-language events for Spanish-speaking populations.

The Single Family Water Heat program is also part of the Efficiency Boost program, offering higher incentives to income-qualified customers. In 2025, these increased incentives will address incremental measure cost and provide low- to moderate-income customers with increased access to efficient electric heat pumps.

3. Residential Midstream HVAC and Water Heat

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The goal of the Residential Midstream HVAC and Water Heat program is to engage HVAC and water heater distributors to increase the sales of high-efficiency equipment by reducing first costs, encouraging the upselling of high-efficiency products, and increasing the stocking of high-efficiency equipment so that it is readily available to customers in emergency replacement situations. By intervening up the supply chain, the program influences a much larger portion of the addressable market and helps increase energy savings compared to end user-focused downstream programs.

Customers benefit from the lifetime energy savings of high-efficiency HVAC and water heating equipment without the inconvenience of becoming enough of an equipment expert to complete paper applications for rebates. Instead, customers are motivated to purchase high-efficiency equipment via the market through available stock and instant rebates. The stocking of high-efficiency equipment allows the program to reach customers facing an equipment burnout, which represent a large portion of equipment sales that are often uncaptured by downstream programs.

For the 2024-2025 biennium, PSE is moving underperforming gas storage water heaters and <300,000 BTU space heat gas boilers to the Midstream program. This program will also no longer incentivize electric hybrid HPWHs for new construction due to 2018 Washington State Energy Code (WSEC) codes. These efficient products will still be incentivized when upgrading existing buildings via several program channels.

Equity Focus

PSE is evaluating opportunities to develop a set of core best practices for equity implementation in the midstream model. PSE is identifying the rate of participation to understand which communities would benefit from targeted outreach and will identify opportunities for the advancement of equitable program design. Additionally, this evaluation will identify contractors that are currently selling or are connected to Named Communities and develop working relationships with them to bring awareness of and

training for the program. This program also partners with other PSE programs that target Named Communities to ensure maximum program benefits are realized by those customers and contractors.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The projected 2025 electric budget is decreased for this program because of lower-than-anticipated administrative costs.

4. Weatherization

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Weatherization program helps single-family residential customers, including manufactured home customers, improve the shell of their home through the installation of windows, insulation, air sealing, duct sealing, ventilation, and similar measures. This program will contribute a significant amount of gas savings across residential programs in 2024-2025.

This program targets customers with houses that do not meet modern energy efficiency standards, thus incentives are focused toward older homes with high savings potential. Weatherization technologies with significant reduction of energy consumption and high customer demand are prioritized. In 2024, PSE is increasing incentives to approach the full cost of installing insulation, ventilation, and sealing. Continuing incentives include:

- *insulation, with incentives for attic, floor, and wall measures*
- *window and patio door replacement*
- *ENERGY STAR whole-house ventilation (electric-heated homes only)*
- *duct and air sealing technologies*

Equity Focus

The program is investigating participation barriers for Named Communities (e.g., communication, scheduling, financing) and potential solutions to better connect with these customers. These solutions may include the transcreation of some web pages where the value of weatherization, such as increased comfort, is discussed. Working with PSE's Trade Ally and Energy Efficient Communities Teams, there will be a concerted effort to recruit and train Minority Business Enterprises (MBEs) in Named Communities. The goal will be to boost the number of projects for these contractors and leverage the relationships they may have in the community to boost overall participation.

During the 2024-2025 biennium, the Single Family Weatherization team will engage with the Trade Ally team to assess the capacity to explore new designs for connecting with customers. The Weatherization program relies on contractors as liaisons for customer activities. Customers can interact with and schedule contractors for work during a time that is convenient to them. However, contractor work is typically performed during business hours, which may require the customer to take time off work. To ensure all of

these coordinating pieces are addressed, PSE will revise its website to a person-first approach to be more accessible and useful to more customers.

In addition to the strategies mentioned above, specific actions involving Marketing, Energy Efficient Communities and Events, EAs, and Trade Ally team will include:

- *creating postcards to promote the program to customers who don't use the online portal;*
- *ensuring that rebate applications for windows can be submitted via website, email, or United States Postal Service mail; and*
- *ensuring that customers can access referrals to qualified contractors, either online (self-service) or by contacting an EA.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The program's higher incentives implemented for the 2024-2025 biennium are expected to drive increased savings in two primary ways. First, Trade Allies who have been active in prior years are seeing more rebate-eligible customers choose to complete weatherization improvements because the rebates cover a significant portion of their out-of-pocket cost. Second, more contractors are choosing to become Trade Allies and offer rebates, which expands the program's reach.

In addition, a second attic insulation rebate tier for site-built homes is being added for 2025 to serve more customers, improve the customer experience, and capture more savings. The 2022 Residential Building Stock Assessment from NEEA shows that 7% of Washington homes have attic insulation that is less than R11 while 31% of homes have between R11 and R20. This rebate will target that second group of customers.

5. Home Appliances

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Home Appliances program incentivizes residential customers to upgrade to ENERGY STAR appliances. Major program revisions for the 2024-2025 biennium include the inclusion of ENERGY STAR heat pump dryer rebates.

The Home Appliances program will continue to provide downstream rebates for front-loading clothes washers and ENERGY STAR dryers. The majority of savings derived from these measures will be electric savings, but collateral fuel savings from natural gas are captured through reduced water heating use in ENERGY STAR-rated clothes washers.

Equity Focus

In the 2024-2025 biennium, the Home Appliances program will continue to work on addressing barriers to participation with a heightened focus on the areas listed below:

- **Higher Energy Burden**

The Home Appliances program is also part of the Efficiency Boost program. These increased incentives are designed to reduce the financial burden of purchasing energy efficiency equipment to provide low-to-moderate income customers and increased access to PSE's programs. Additionally, the program offers limited-time offer (LTO) rebates at an increased level, including for low-to-moderate income customers. These will be timed with store- and manufacturer-based sales, allowing customers to take advantage of multiple savings opportunities.

- **Language**

The Home Appliances program rebate forms and marketing materials are transcreated in Spanish, and other languages will become available in the next biennium as well. In addition, the Customer Outreach team has three Spanish-speaking staff who attend events to connect with customers in language, as needed.

- **Education**

The Named Communities Dashboard indicates a high percentage of customers with General Education Development (GED) credentials. Customers with GEDs are more likely to reside in HICs in energy-burdened housing, while having lower-paying jobs or employment outside of normal working hours. PSE's field service team will ensure 50 percent of store events are within Named Communities, providing additional educational material and customized, accessible conversations to better reach these customers.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The Home Appliances program is part of the Efficiency Boost program that provides increased incentives for income-qualified customers. In 2025, PSE will be increasing the rebate for heat pump dryers. Additionally, the program offers limited-time offer (LTO) rebates at an increased level, including for income-qualified customers. These incentives will be timed with store- and manufacturer-based sales allowing customers to take advantage of multiple savings opportunities.

In 2025, PSE anticipates an increase in projected electric savings for the program that is driven by two main factors. First, PSE has seen growth in the adoption of heat pump dryers and expects increased rebates on this appliance to further drive adoption. Second, PSE anticipates increased customer participation as a result of LTOs in 2025 based off of 2024 LTO performance.

Equity Focus

The Home Appliances program's rebate forms and marketing materials are transcreated in Spanish. As of 2024, Korean and Vietnamese transcreation has been added. These new forms will allow speakers of these languages to more easily access PSE rebates and lower their energy burden. In addition, the Energy Efficient Communities (EEC) team has bilingual staff that help support PSE's in-language events for Spanish-speaking populations.

6. Smart Thermostats

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Smart Thermostat program incentivizes residential electric and natural gas customers to upgrade their manual or programmable thermostat to either an ENERGY STAR-rated smart thermostat or a PSE-approved electric line voltage connected thermostat. In the 2024-2025 biennium, PSE will continue offering post-purchase downstream incentives as well as instant rebates via the PSE Marketplace. Program staff will also continue to focus on strengthening contractor relationships and, ideally, increasing the number of customers receiving an instant incentive through contractors when upgrading their heating systems. Additionally, the program hopes combining thermostat rebates with incentives from the Demand Response (DR) program for enrollment will drive further market adoption of the technology.

Equity Focus

In the 2024-2025 biennium, the Smart Thermostat program will continue to work on addressing barriers to participation with a heightened focus on those listed below, as they were indicated by PSE's Named Communities Dashboard to be significant:

1. Higher Energy Burden

The Smart Thermostat program is also part of the Efficiency Boost program, offering higher incentives to income-qualified customers. PSE also negotiates lower pricing with manufacturers to make smart thermostats available at little to no cost. Moreover, PSE plans to continue offering its PSE Marketplace, thereby giving customers access to instant rebates on smart thermostats, as well as covering shipping fees for all income-qualified customers. Finally, PSE offers links to step-by-step installation videos so customers have the ability to self-install thermostats instead of relying on a contractor.

2. Language

The Smart Thermostat program rebate forms and marketing materials are transcreated in Spanish and will be expanded to other languages. PSE is exploring language translation for the Marketplace via the RFP. Additionally, PSE's outreach team will collaborate with local CBOs to ensure that outreach events are staffed with at least one person who speaks a language or

languages other than English that is also used in the community where outreach events are being held when available.

3. Education

The Named Communities Dashboard indicates a high percentage of customer with GED certificates. Customers with GEDs are more likely to have lower-paying jobs or employment outside of normal working hours. The Smart Thermostat program plans to address this issue, by having an online marketplace available 24/7 to customers. Also, by continuing to offer higher Efficiency Boost rebates to income-qualified customers and guaranteeing free shipping is available. Finally, PSE is working with Trade Ally Network (TAN) contractors to offer instant discounts and the ability to have thermostats installed for customers not comfortable with self-installing their own thermostats.

4. Rentals

A high portion of people within Named Communities are renters and therefore not in control of upgrades to their residence. The new proposed design of the PSE Marketplace will make it easier for property owners to sign on and purchase a thermostat for their property. The new marketplace platform will also offer referrals to contractors that could install the device, should property owners prefer not to self-install.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

Since the filing of the BCP, the Smart Thermostats program’s forecast for 2025 therm savings and expenditures has been decreased based on predicted market trends. During 2024, PSE has seen considerably less participation in LTOs, and information from market partners suggests an overall slowdown in smart thermostat sales.

Equity Focus

The Smart Thermostat program will continue its equity efforts as outlined in the BCP with a few notable changes. As of June 2024, the PSE Marketplace began offering a version of the portal that is transcreated in Spanish. Also, rebate forms for the program added Vietnamese as an available language in the fall of 2024.

In 2025, PSE will continue offering transcreated content in those languages and will further expand its language offerings. Additionally, the new design of the PSE Marketplace is intended to make it easier for property managers to upgrade their properties by allowing account owners to sign on and purchase thermostats for their accounts.

7. Home Energy Reports

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Home Energy Reports are customized reports sent to participating residential electric and gas customers to help them better understand their home energy consumption, motivate them to conserve, and provide targeted calls to action tailored to help each customer save money and improve energy efficiency. This program is the most significant driver of both electric and natural gas savings across residential programs.

For the 2024-2025 biennium, PSE expects report recipients to stay relatively consistent with those seen in 2022-2023, and this will be supported by periodically adding customers to the program to address move-out attrition. For example, approximately 100,000 new recipients were added to replace customers who left the program in the previous biennium. In addition, PSE expects to see annual savings largely in line with evaluated savings recent annual evaluations.

Program staff also expects to see increases in customer engagement with online self-service tools through updates to communications that will promote greater personalization of the information included in these reports.

PSE will continue to enhance and adapt the energy saving messaging provided to customers based on their input and feedback, ongoing engagement, sentiment analytics tracking, and annual customer surveying. Evaluation to measure the energy savings of this program will continue annually as it has since its inception.

Equity Focus

In mid-2022, PSE added a wave of 40,000 low-to-moderate income customers to the Home Energy Reports program to ensure PSE is supporting customers with energy-saving outreach. As part of the annual customer count refill PSE does to address attrition, the Home Energy Reports program focused on low-to-medium income customers, adding about another 40,000 customers from that segment. Concrete actions to increase distributional equity include the promotion of Efficiency Boost for income-eligible customers to receive enhanced rebates. The promotional material will go to all program participants in 2024-2025 to ensure awareness about Efficiency Boost programs.

For the 2024-2025 Biennium, PSE will work to promote the completion of Home Energy surveys in its low-to-medium income recipient group by an increase of 15 percent compared to the 2022-2023 participation average. Lastly, PSE will determine a process to identify Spanish-speaking customers for report language conversion from English to Spanish.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

There have been no programmatic updates to the Home Energy Reports (HER) program since the filing of the BCP. The 2025 natural gas and electric budgets show a decrease due to third-party vendor anticipated implementation costs.

8. Efficiency Boost

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Efficiency Boost program provides increased rebate amounts for various measures within the Space Heat, Water Heat, Weatherization, Smart Thermostat, and Home Appliances programs in order to increase access to efficiency for moderate-income customers who may not qualify for low-income programs.

Efficiency Boost has a target market of customers in the 80-90 percent Area Median Income (AMI) range. The income floor for Efficiency Boost aligns with the income ceiling for Low Income Weatherization so that customers who exceed qualifications for Low Income Weatherization can still get support beyond PSE's standard incentives for efficiency home upgrades.

Income qualification for most Efficiency Boost offerings is self-declared via an income qualification form. The exception is the Efficiency Boost Marketplace, where customers get qualified based on what they input for their household size and income.

For the 2024-2025 biennium, Efficiency Boost plans to continue increased rebates for most residential rebate offerings, increase trade ally education and awareness around Efficiency Boost, and investigate more streamlined income verification offerings.

Equity Focus

The Efficiency Boost program has an inherent equity focus on moderate-income customers with incomes below 90 percent AMI. The program seeks to provide targeted and regular communications with a cohort of customers who are likely eligible for Efficiency Boost, based on PSE's income models. These communications are achieved through:

- *quarterly awareness emails to the Efficiency Boost cohort*
- *targeted paid social media advertisements in ZIP Codes with high percentages of customers below 90 percent AMI*

In the 2024-2025 biennium, Efficiency Boost hopes to continue improved coordination with Low Income Weatherization agencies, specifically for customers that exceed Low Income Weatherization income requirements. The goal is to provide streamlined pathways to marry customer needs with the right options.

In the 2024-2025 biennium, Efficiency Boost will investigate streamlined program requirements as a way to lower barriers for interested customers. This will be achieved through:

- *evaluating the feasibility of digital income verification (as opposed to submitting an income qualification form with projects);*
- *allowing certain high-performing trade allies to have the income conversation, therefore eliminating a step (income conversations with an EA) for customers; and*
- *continuing to offer Efficiency Boost thermostats for as low as \$1 plus free shipping on the PSE Marketplace.*

2025 Updates, Revisions, Enhancements, Adaptive Management

Efficiency Boost has made various improvements to customer rebate access that will continue into 2025:

- Customers may now apply for Efficiency Boost rebates on the online rebate portal accessible via pse.com. After customers enter in their gross monthly income and household size, the portal cross-references the submitted information against Efficiency Boost income limits to determine their eligibility. This both increases the visibility of Efficiency Boost rebates and makes it easier to apply.
- An income qualification section was added to all program rebate forms that have Efficiency Boost offerings. This addition eliminates the need for customers to submit a separate income qualification form for Efficiency Boost rebates. Integrating income qualification into all relevant rebate forms increases the visibility of Efficiency Boost rebates, and eliminating the need to submit a separate income qualification form makes the application process easier.
- Trade Allies can now income-qualify customers for Efficiency Boost, but they must inform the customer about Low Income Weatherization (LIW) and leave behind a LIW flyer. Previously, Trade Allies had to refer the customer to a PSE Energy Advisor (EA) to get income qualified.

9. Electric Vehicle (EV) Chargers

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Starting in 2024, Level 2 Electric Vehicle (EV) Charger rebates will be available in the downstream model. Customers will be able to apply for the rebate after purchase, either through a mail-in or online application, and they will then receive a check in the mail or credit on their bill. Instant rebates will also be available on the PSE Marketplace or through Trade Ally Network contractors.

Equity Focus

PSE's EV Charging program for single-family residents includes an Empower Mobility path for income-eligible customers in an effort to alleviate the upfront financial investment and encourage equitable participation. Increased incentives are available for customers whose income is at or below 200 percent of the Federal Poverty Level (FPL) or 80 percent AMI, whichever is higher. Empower Mobility will rebate up to \$600 for a

Level 2 EV charger and provide additional funding up to \$2,500 to cover any installation costs incurred for the charger. Customers will have to attest their income and be a PSE electric customer to be eligible to participate. Concrete actions to remove participation barriers include that eligible customers can purchase and hire their own contractor or go through PSE's TAN contractors; Level 2 EV Chargers will be added as a referral product in 2024; and TAN contractors can offer instant discounts to customers. Lastly, marketing for the program will be targeted toward Named Communities ZIP Codes.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

While there have been no programmatic updates since the filing of the BCP, the EV Chargers team noted a typo in Empower Mobility's additional funding amount of \$2,500. The accurate dollar amount is \$2,000.

C. Single Family New Construction

Schedules E/G 215

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Single Family New Construction (SFNC) program is partnering with a third-party vendor who will work with builders to influence higher-than-code energy efficiency homes throughout the PSE service area. This program includes Manufactured Homes New Construction (MHNC), in which conservation measures are promoted through manufacturers and retailers selling qualified homes to residential PSE customers via a separate third-party vendor.

The SFNC program targets structures with three or fewer residential units per building, per Washington State Energy Code (WSEC). Energy conservation measures include, but are not limited to, energy-efficient upgrades to building shell, appliances, smart thermostats, and, to a lesser extent, HVAC and water heating systems (due to midstream overlap). The baseline for efficiency for new construction homes continues to increase with the 2021 WSEC that is expected to go in to effect in early 2024. This reduces the opportunity for builders to exceed code that would qualify for incentives.

Eligible customers include an owner, developer, or agent acting on behalf of the responsible party of service receiving electricity or natural gas through PSE. This program provides financial incentives to these customers for both natural gas and electric residential meters. The incentives offered are calculated using REM/Rate modeling software adjusted to the Pacific Northwest Standard modeling protocols.

Equity Focus

To advance equitable delivery, the program plans to focus outreach efforts for developments in Named Communities. PSE is exploring deeper incentives that could include fuel neutral measures (e.g., windows and insulation) as well as bonus incentives for first-time builder

participants. PSE is exploring adopting similar strategies to the Energy Trust's Energy Performance Score (EPS) program that include no-cost program verification for rural and Tribal projects and collaboration with nonprofit developers and community land trusts.

2025 Updates, Revisions, Enhancements, Adaptive Management

PSE's third-party vendor is forecasting an increase in savings in 2025 based on the project pipeline, which is a term for upcoming and ongoing projects within the program, and a planned communication campaign with local builders and raters. The third-party vendor is already in touch with home builders and, therefore, has a sense of planned new homes that may participate in this program. In addition, the vendor and PSE will collaborate on communications such as email and engagement with construction trade organizations in an effort to raise program awareness, understanding, and interest in participating. The anticipated increase in energy savings is tied to an increase in anticipated spending for rebate payments and implementation costs.

D. Multifamily Retrofit

Schedules E/G 217

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Multifamily Retrofit program provides comprehensive whole-building and property design assistance that aggregates both in-unit and common area opportunities. The program serves existing multifamily buildings with five or more attached residential dwelling units as well as multifamily campuses that have a mixture of building types including buildings with fewer than five units.

Measures include windows, insulation, air sealing, appliances, lighting, and HVAC upgrades. Custom Grants are available when prescriptive measures are not applicable or when historic usage is used to determine the savings from an upgrade. The program offers a Strategic Energy Management (SEM) program that focuses on operations and maintenance improvements and resident behavioral modification. A particular focus during the next biennium will be to encourage heat pump conversions from either baseboard or electric forced air heating. Ductless heat pumps are a great solution for many multifamily properties in this regard, but package terminal heat pumps are also beginning to enter the market, and the program will remain focused on how efficiency upgrades can enable future participation in DR programs.

Equity Focus

The Multifamily Retrofit program provides comprehensive whole-building and property design assistance that aggregates both in-unit and common area opportunities. The program serves existing multifamily buildings with five or more attached residential dwelling units as well as

multifamily campuses that have a mixture of building types including buildings with fewer than five units.

During the 2024-2025 biennium, the Multifamily Retrofit program expects to serve approximately 35,000 customers, and a key focus will be to ensure 40 percent of those customers are within Highly Impacted Communities and High Vulnerability Census block areas. Program staff will direct most marketing and outreach resources within these Named Communities. However, property managers, owners, or contractors are unfamiliar with the location of Census blocks. Therefore, the program utilizes a simplified moderate-income definition so that property owners can easily determine if their site/premise qualifies for higher rebates.

Increased rebates are available if a site meets the following moderate-income definition: Buildings within tribal communities, OR built before 1986, OR has tenants using rent assistance often categorized as “affordable” or “mixed (market/affordable).” Military housing also qualifies for these higher incentives.

Additionally, income-eligible (low-to-moderate income) individual condominium owners may submit an Efficiency Boost application even when their building does not meet the preceding qualifications, building does not meet the preceding qualifications, as a strategy to amplify access to this program to seniors or retiree customers living on fixed incomes. Increased incentives for moderate-income properties place a strong emphasis on building envelope measures such as windows, insulation, and air sealing.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2025, the Multifamily Retrofit Program plans to pilot incentives for storm windows. There are storm window deemed savings values from the RTF and certifications from ENERGY STAR®.

In 2024, air sealing incentives were increased to drive more weatherization projects throughout 2024 and 2025. The increase of weatherization and fewer lighting projects, which have lower cost per kWh, has resulted in higher program cost per unit of energy saved. The program’s electric budget and projected savings have increased for 2025 from the initial projections.

PSE continues to see more expensive projects being pursued like air sealing, a means of weatherization, and program staff continue to monitor overall program cost effectiveness as the program evolves.

E. Multifamily New Construction

Schedules E/G 218

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Multifamily New Construction program provides comprehensive whole-building savings with performance-based incentives tied to kWh or therm savings for exceeding the WSEC standards. Staff closely coordinate with developers, architects, and engineers early in the design process to influence efficient solutions for market rate and affordable multifamily new construction projects.

The efficiency baseline is getting higher with each new iteration of the WSEC including the 2021 WSEC. The Multifamily New Construction program must continue to innovate in order to find savings. One way to accomplish this is through incorporating new measures into the Multifamily New Construction program's energy models. Central HPWH systems are one example that has already been incorporated into some projects. These systems are also in the pipeline for numerous projects that will close in 2024 and 2025. Other technologies, such as wastewater heat recovery, are being investigated and will be incorporated into modeling if projects begin to adopt the technology.

From an outreach perspective, the Multifamily New Construction program has made good contacts through various presentations at Bisnow Media events. Bisnow is national media company that focuses on the commercial real estate industry, and it hosts commercial real estate-focused events throughout the U.S. PSE will continue Bisnow event sponsorships into 2024. Additionally, as motivation to encourage architecture and engineering firms to continue engagement with the Multifamily New Construction program, American Institute of Architects (AIA) credits will be offered for attending MFNC Lunch and Learn presentations.

Equity Focus

Due to the diversity of customers for this segment, equity benefits and impacts will reach individuals (renters) and communities through a comprehensive menu of resources and rebates. PSE continues to offer a 50 percent higher incentive for affordable housing projects, as compared to the market-rate housing incentive. Affordable housing projects are defined as an overall average occupant income of 60 percent AMI or less and aligns with the Washington State Housing Finance Commission's Low-Income Housing Tax Credit (LIHTC) programs.

PSE's vendor for Multifamily New Construction is on the Approved Roster of Energy Modeling Consultants for projects that are seeking the LIHTC. Projects can achieve points toward their LIHTC application by using a modeler from this list to inform building design. This potentially lowers costs for projects that are applying for LIHTC, since they can use PSE's vendor for both PSE's Multifamily New Construction incentives, and for LIHTC application points. The

Multifamily New Construction program will continue to partner closely with the Housing Development Consortium (HDC) of Seattle-King County. HDC is a hub for the major nonprofit housing developers in King County, and partnering with HDC allows for greater visibility of the Multifamily New Construction program to these developers. The Multifamily New Construction program will partner with HDC by:

- *being members on HDC's Exemplary Buildings Program Task Force—the Task Force seeks to standardize high-performance construction in the affordable housing market; and*
- *sponsoring HDC's Affordable Housing Week.*

Lastly, PSE's third-party vendor will also present 20 Lunch and Learn events annually presented to HDC's membership of nonprofit housing developers.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The Multifamily New Construction program worked with energy consultants to gather data and information on duct sealing in 2024. This allowed PSE to develop a methodology to claim savings for duct sealing and add that as a potential measure for Multifamily New Construction projects to choose from moving forward into 2025 and beyond.

The program also established a relationship with the Washington State Habitat for Humanity (HFH) office in 2024 and is scheduled to present at “lunch and learn” events for a number of local HFH affiliates within the state. These efforts will better allow the Multifamily New Construction program to make inroads with the various Washington HFH chapters and advise HFH projects on efficiency incentives in 2025 and in the future. Additionally, the program will explore adding language to allow HFH projects to receive the 50% higher incentive for affordable housing projects.

IV. Business Energy Management Detailed Program Discussions

A. Commercial/Industrial Retrofit

Schedules E/G 250

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This suite of programs provides customized incentives to small, medium, and large commercial and industrial customers for energy efficiency upgrades to lighting, equipment, building shell, industrial processes, and select operations and maintenance (O&M) improvements. Typical measures that can be incentivized include existing building commissioning, major controls projects, and variable refrigerant flow projects. Program staff also work with financial decision makers at customers' facilities to ensure that customers are aware of cost-savings opportunities, including reviewing energy-saving projections that can help obtain favorable financing rates.

In 2024-2025, PSE will leverage outreach efforts through the account executives who work to build and maintain strong relationships with commercial and industrial (C/I) customers and trade ally partners; outreach efforts will include Named Communities. Additionally, PSE will increase marketing efforts by creating more case studies exhibiting project success stories.

1. Retrofit Custom Grants – Lighting and Non-Lighting

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Custom Grants program provides C/I customers calculated incentives on measures that PSE considers to be cost-effective and provide quantifiable energy savings. Custom grants are available through two programs: Custom Grants (non-lighting measures) and the Business Lighting Incentive (BLi) grant program (lighting and lighting controls measures). BLi includes Retrofit, Street Lighting (BLsli), Tenant Improvement (BLti), New Construction (BLnc), and Express (BLx).

Lighting and non-lighting programs will account for roughly a quarter of both electric and natural gas savings across business programs in the 2024-2025.

In the coming biennium, the Business Lighting team will continue to enhance its relationship with contractors who make up approximately 80 percent of projects while expanding outreach to property managers, business owners, and properties in Named Communities. BLi fixture incentives will be increased along with higher incentive for Luminaire Level Lighting Control (LLLC) fixtures as well as Advanced Exterior Lighting Controls (AELC) to gather more fixture and control savings

Equity Focus

The Business Lighting Incentive (BLi) program works with all customers throughout the PSE territory and has provided grants to customers in Named Communities. For the 2024-

2025 biennium, BLi plans to develop enhanced incentives, transcreate BLi collateral, and implement targeted marketing through email and social media on BLi incentives and program benefits in Named Communities. BLi will also work with its contractor and distributor partners to create a targeted outreach program to Named Communities.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

i. Custom Lighting Grants

All current Business Lighting Incentives (BLi) and control bonuses will continue into 2025 with the exception of increased bonus incentives for projects installing Advanced Exterior Lighting Controls (AELC). Additionally, BLi will be simplifying the payment process for controls projects by allowing one post inspection (at the time of this filing, there are two post-inspections: one for “Base” incentives and one for “Performance” incentives to verify lighting controls settings). This change will simplify the payment process for customers and allow them to receive incentives sooner from PSE. The BLi Program Partner program will continue into 2025 as well and offer higher incentives for Named Community projects.

ii. Non-Lighting Grants

Entering into 2025, the Existing Building Commissioning and Major HVAC Controls subprogram of the C/I Custom Grant Non-lighting Program will more than double the Building Level Metering grant. To better align with the cost of the upgrade as reported through contractor engagement, this increase will further encourage and incentivize commissioning and controls upgrades. The program will still cover up to 70% of project cost.

2. Industrial Programs

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Industrial Energy Management program provides a comprehensive set of offerings focused on tuning up industrial systems and reducing energy usage. Offerings include traditional custom capital projects, Industrial Systems Optimization (ISO), Industrial Strategic Energy Management (ISEM), and the Comprehensive Small Industrial (CSI) program, which provides custom grants targeted at small industrial sector customers.

In the 2024-2025 biennium, the Industrial Energy Management (IEM) program will continue to provide a comprehensive set of offerings focused on tuning up industrial systems and reducing energy usage. PSE will also continue to provide ISOP+, a pilot offering, to ISOP participants and encourage them to pursue capital measures identified in the ISOP process by bundling them with the O&M measures and offering additional incentives.

Equity Focus

PSE will provide industrial customers in Named Communities with more resources to encourage participation in energy efficiency programming, including providing 1:1 support when completing project applications and site visits to help identify efficiency opportunities. The Comprehensive Small Industrial program is designed to help small industrial customers by providing additional energy services and incentives. PSE is using a combination of direct outreach via PSE Business Services and internal Account Executives, recorded live events, and online marketing to reach customers in Named Communities.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2025, PSE will continue to provide ISOP+, which is classified as a subprogram of ISOP, to ISOP participants. For historically marginalized customers in the small industrial sector, PSE added a new O&M-only approach to the CSI program in 2024. In 2025, the CSI program will work with customers to implement projects including Capital and O&M or O&M only. When the customers have capital projects, PSE will help them find additional O&M opportunities and incentivize savings from both capital and O&M projects. If the customers do not have capital projects, PSE will offer the incentives for solely O&M savings.

Equity Focus

The Comprehensive Small Industrial in Named Communities (CSI NC) program launched in 2024. It is designed to help small industrial customers by providing additional energy services and higher incentives up to 100% of eligible project cost. PSE also has an energy management engineer (EME) who leads the outreach efforts for the CSI NC program and will continue to expand its focus in 2025.

Both the CSI and CSI NC programs are designed for small industrial customers with annual energy usage less than 1,000,000 kWh and/or less than 50,000 therms. To be eligible to participate in the CSI NC program, customers must be located in Highly Impacted Communities or in highly vulnerable populations. Based on customer feedback, PSE offers two options for implementation: option one includes capital improvement and O&M changes and option two includes O&M changes only. For option two, the incentive rates are the same. For option one, the incentives are capped at 70% of eligible project cost for CSI and up to 100% for CSI NC.

3. Clean Buildings Accelerator

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Launched in late 2021, the Clean Buildings Accelerator program is designed to assist building owners as they comply with the requirements of Washington State House Bill

1257, the Clean Buildings Law. The law applies to Tier 1 buildings over 50,000 sq. ft. The Accelerator program provides SEM services through a four-month sprint, coupled with an additional year of strategic and technical support. It is best suited for lower-resourced organizations, including public organizations, nonprofits, and/or customers who have less experience with energy efficiency programs. The program model, best practices, and lessons learned from the CBA are openly shared with other Washington utilities.

Notably, many of the customers who own Tier 1 buildings also own Tier 2 buildings (20,000-50,000 sq. ft.) and are able to apply many of the lessons learned from the program to those properties. However, PSE cannot use the same approach for Tier 2 buildings as it does for Tier 1 buildings because the Clean Buildings Accelerator program is designed to be a personalized approach that educates in small cohorts and 1:1 coaching calls. PSE is currently exploring other options outside of the CBA to aid Tier 2 customers.

Equity Focus

The Clean Buildings Accelerator program has had a strong focus on customers in Named Communities and will continue this in the next biennium. Every customer with a building over 50,000 sq. ft. is welcome to join the program at no-cost, and the outreach approach will continue to focus on customers in Named Communities. In general, the program's setup, with tailored coaching calls and energy scans, is a great way to help each individual customer examine the challenges in their buildings. Some customers will need more guidance than others, and together with Stillwater Energy PSE provides individual guidance to each customer who participates in the program. Examples of current activities include:

- letters sent out in June 2023 to bring awareness of the Clean Buildings Law and the accelerator program to Skagit, Whatcom, and Island counties;
- email campaigns focusing on Named Communities;
- personalized recruiting; and
- partnering with PSE's Energy Efficiency Communities team, business services, and local municipalities.

In the 2024-2025 biennium, the program will send out a new batch of letters, including five counties instead of three, in order to increase its outreach and program participation. The Clean Buildings Accelerator program will also collaborate with other PSE teams to provide updates about the program and ask them to continue their outreach to Named Communities.

Current specific actions in preparation for the 2024-2025 biennium include putting extra focus on helping customers with benchmarking and setting up their accounts in

EnergyCAP® and ENERGY STAR Portfolio Manager® (ESPM), which the program will continue to offer in 2024-2025. It will also provide free American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) Level 2 audits. Program staff has created a very effective hands-on O&M template that is already in use, and staff invite cities to join the Clean Buildings Accelerator program and spread the word to organizations with whom they work. PSE aims to facilitate enrollment with an online form.

Lastly, the program will strategize ways to continue engagement with its customers in the long term, even after Clean Buildings Accelerator program participation has ended. The goal will be to build on the partnership developed through the Clean Buildings Accelerator program to encourage the customer to continue to use energy efficiently. The focus will be on all participants and specifically on participants in Named Communities.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

PSE has assembled a team, including staff from the Small to Medium Business (SMB) and Multifamily teams, to develop a strategy around a Tier 2 Building offering for customers in 2025 and beyond. Two of the focuses of this effort are helping customers to benchmark their progress and developing sector-specific guidance for how to reduce energy waste in their buildings. PSE anticipates targeting Named Communities with this offering.

4. Telecommunications Energy Management

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

A new addition starting in the 2022-2023 biennium, the Telecommunications Efficiency Program (TEP) provides comprehensive and flexible capital- and performance-based incentives to telecommunication customers receiving commodity electric and natural gas service from PSE. Telecommunication customers include internet service, radio, cellphone, broadband, and cable television providers.

In the 2024-2025 biennium, Telecommunications Efficiency Program will continue to deliver a comprehensive offering focused on telecommunications customers and reducing their energy usage. This program will include any cost-effective measure that provide quantifiable energy savings, including capital measures and/or operational and maintenance measures. Offerings include traditional custom grants for capital projects for telecommunications customers. The program anticipates achieving primarily electric savings.

Equity Focus

Due to the target customers for this program being large telecommunications organizations, PSE does not have much influence to affect equity implementation.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

There have been no updates since the filing of the BCP.

5. Virtual Commissioning

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This program analyzes PSE AMI data from PSE rate schedule 24EC, 25EC, 26EC, and 31GC customers to identify sites with high savings potential. PSE's contracted third-party consultant delivers site-specific, no-cost energy efficiency recommendations and virtually assists customers in implementing them. The M&V is also done by the third-party consultant, and PSE is invoiced monthly for completed projects. The contract ceiling for the 2024-2025 biennium is 8,000,000 kWh in annualized savings paid at \$0.25/kWh. PSE has continually inquired about adding gas savings to the contract, but the consultant has repeatedly said that their gas models are showing either no savings or unreliable savings values. This remains a point that is in discussion.

Equity Focus

This program has a very low barrier to participation. There is no paperwork required, and a third-party consultant walks customers through implementation over phone calls and emails. The consultant has Spanish language program information that they share with customers as needed. Each customer is evaluated for participation equally throughout PSE's service territory for the qualifying rate schedules.

PSE will ask the consultant to share more customer feedback with it and/or add a more formal customer feedback mechanism to the offering. PSE is exploring an on-bill credit for anyone who participates in the program regardless of savings achieved. PSE is also exploring referral bonuses for the consultant to give them more of a financial reason to provide PSE with project leads. DNV prepared an evaluability study for this program which gathered feedback from customers and made some recommendations. In summary, customers are satisfied with the program and there are no major changes that would improve the customer experience.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2024, PSE added Sch. 31EC consumption data in an effort to include as many eligible customers as possible. This will carry over into 2025 and beyond.

PSE decided to add the Sch. 31EC rate schedule to the program because the program's consultant had worked with at least one customer who wanted to implement Virtual Commissioning at another site but could not because the other site had a Sch. 31EC rate schedule and the consultant, therefore, did not have the data. Also, Sch. 31EC customers are usually quite large and represent a meaningful opportunity for energy savings if engaged by this program.

Lastly, the inclusion of Sch. 31EC in the data was part of contract negotiations that allowed PSE to lower the program payment rate from \$0.30/kWh in 2023 to \$0.25/kWh in 2024-2025, with the

idea that the consultant would be able to at least partially offset the reduced payment rate with some larger projects that come from the Sch. 31EC group.

B. Commercial/Industrial New Construction

Schedule E/G 251

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Commercial/Industrial New Construction program works with customers, developers, tenants, owners, designers, and builders of new commercial and industrial facilities to influence efficient design, building components, and equipment. The program provides incentives for the installation of cost-effective energy efficient projects that exceed WSEC or standard industry practice. Incentive pathways include whole-building incentives, Energy Use Intensity (EUI) performance method, and both lighting and non-lighting component approach.

In the 2024-2025 biennium, the program will continue to promote the EUI performance method to encourage good design as well as good operation in new construction projects. The base payment implemented in 2022 will continue, as it offers part of the incentive payment after construction.

The program's lighting component option will use the Building Area Method as defined in the WSEC to determine the baseline lighting usage. This option has been integrated with the Business Lighting program's lighting application in order to provide a streamlined calculation method.

In the 2024-2025 biennium, the program may pilot an online application that provides a savings and incentive estimate for the EUI performance method. This estimate would act as a hook for the program and encourage program participation. If there is an increase in participation, this could become a permanent feature or could expand to other offerings.

The C/I New Construction program will continue to work with SnoPUD to claim gas savings in the shared service territory. There is a contract in place to share the savings analysis and verification details for all SnoPUD territory projects.

Equity Focus

The EUI performance method was developed to reduce barriers to participation for C/I New Construction customers. This incentive option does not require the added cost of developing an energy model. Only basic building information is required, which provides a streamlined and more cost-effective option to capture whole-building savings. Buildings of all sizes are eligible for this incentive, which further reduces barriers for smaller projects that may not have the budget for a full energy analysis. This method also provides the best potential incentive because the customer can capture design savings as well as commissioning and behavioral savings.

C/I New Construction program staff will continue to gather feedback from customers as well as EMEs to improve program participation and accessibility. Specific actions may include:

- collecting feedback via survey after events or 1:1 presentations—most feedback will be requested from engineering and architecture firms in English;*
- reviewing feedback from EMEs annually—feedback from customers and engineering and architecture firms will be reviewed after public events (e.g., Coffee and Conversations, conferences, etc.);*
- providing printed collateral pieces for conference attendees; and*
- the addition of an online application in 2024 should increase accessibility to customers, and the online application will be available in multiple languages.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The C/I whole building energy modeling guidelines were updated in early 2024 to include requirements for the new 2021 WSEC. The guidelines provide guidance regarding the appropriate baseline to be modeled for project savings as well as general modeling best practices. This document can be found on PSE’s website and was distributed to energy modelers who have previously participated in this program.

The custom grants online application is live and has streamlined the application process for C/I New Construction customers. PSE received multiple applications through this portal for both large and small customers in 2024 and anticipates more in 2025.

BEM Account Executives continue to provide one-on-one training to engineering and architecture firms in order to promote the C/I New Construction program and specifically the EUI performance method. These trade ally meetings will continue into 2025.

Equity Focus

Program staff continue to promote the EUI performance method that allows commercial customers to capture savings at a whole-building level without requiring an energy model. This lowers the cost of entry for smaller new construction customers who may have been unable to do a full modeled energy analysis. Promotion of the performance method will continue into 2025.

C. Energy Performance Incentive Programs

Schedules E/G 253

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Energy Performance Incentive Programs—previously named Commercial Strategic Energy Management (CSEM)—include whole-building, performance-based programs that achieve cost-effective electric and natural gas savings through energy management practices.

1. Commercial Strategic Energy Management

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Specifically for commercial customers, the CSEM program is intended for customers with a facility or portfolio of facilities that use more than 1,000,000 kWh or 135,000 therms annually. Participating customers are incentivized to establish an integrated SEM program and manage energy through behavioral and operations and maintenance measures. This program contributes a significant proportion of electric and natural gas savings, including over a quarter of gas savings, within the BEM sector.

During the 2024-2025 biennium, program staff will focus heavily on developing a program delivery that better enables customers to save energy through low- and no-cost measures. Program staff will work on developing content that better supports customers based on the energy management program that has been established at their organization. Organizations that have more developed energy management programs will receive more advanced training resources that dive deeper into equipment systems, whereas customers that are beginning to develop an energy management program will receive more trainings that focus on the fundamentals of strategic management and how to establish it within their organization. The goal of this focus is to engage with the customers who are currently in the program and work with them to save more energy in their facilities.

CSEM will continue to partner with Strategic Energy Innovations to provide interns to customers participating in the program at a reduced cost to the customer. The program will continue to partner with an engineering firm on an as needed basis for analysis capacity support, technical support, and program delivery.

Equity Focus

The Commercial Strategic Energy Management team will focus on recruiting customers that reside within Named Communities. The team will also work to identify design or delivery barriers and solutions to those barriers to increase participation. Some of the barriers explored will be related to customer size requirements, with the goal of potentially lowering minimum program participation requirements. Incentives will be reviewed

biannually to ensure that they are keeping pace with inflation. In lieu of incentive increases, the team will investigate ways that the program can provide additional resources to customers through services that help them to further reduce energy usage in their buildings. The team will also identify and prioritize the processing of projects that are found in Named Communities with the goal of processing four projects within Named Communities in each quarter.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

Nearing the midpoint of the 2024-2025 biennium, the Commercial Strategic Energy Management (CSEM) program is on track to meet its objectives. It has made significant progress in developing a program delivery that enables customers to save energy through low- and no-cost measures with tailored training resources and partnerships with an engineering firm.

Equity Focus

The program has also made strides in recruiting customers from Named Communities, addressing barriers to participation, and identifying solutions to increase program accessibility. The program has been focusing on recruiting school districts that have a high percentage of student utilizing free/reduced lunch programs as well as leveraging the Named Communities dashboard to pursue customers that are in the most need of help. The team has also been increasing its focus on buildings that are already in the program that are either in a Highly Impacted Community or Named Community. The aim is to work with customers already in the program to reduce energy usage and energy cost to free up more resources for those organizations.

Additionally, the team has been investigating historic reasons that customers have been unable to participate in the CSEM program. One reason is that customers are not able to dedicate the time and resources to hiring/dedicating an energy manager to implement the work. The team has been working on how it can provide more resources to these customers at minimal cost. One way that the program is working on this is through the implementation of the Climate Corps Fellowship as an offering to the CSEM program. This offering provides an intern/fellow to the organization at 25% of the cost to the host organization. Program staff have been investigating the idea of offering this to customers in Named Communities at 0% of the cost (PSE would cover the cost of the fellowship). These efforts will continue into 2025.

2. Pay for Performance

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Newly added to the Schedule 253 tariff as a standard program, the Pay for Performance (P4P) program was previously included under Schedule 249 as a pilot. The P4P program helps customers achieve energy savings through deep retrofits in commercial

buildings with over 50,000 sq. ft. The bundling of multiple measure projects into a single, performance-based contract simplifies the customer application experience. In 2024, P4P will continue to look for ways to further support compliance with Washington State House Bill 1257 for customers enrolled in the Clean Buildings Law early adoption program, while also reducing the minimum sq. ft. barrier to 20,000 sq. ft. in support of compliance with the new Clean Buildings Expansion Law (SB5722).

In 2023, support was removed for the software used for P4P analysis. In 2024, P4P will be reviewing and training on some new analysis tools.

Equity Focus

Due to the building size and project scope requirements of the Pay for Performance (P4P) program, many of the buildings that participate in P4P are those that provide functions and services to Named Communities, such as schools, hospitals, libraries, and government institutions. In 2024, P4P will increase efforts to recruit buildings that serve these communities with the expectation that reducing the building size to a 20,000 sq. ft. barrier will increase PSE's reach into these communities—particularly in communities with smaller populations where 50,000+ sq. ft. buildings are less common.

Other specific activities will include:

- *Coordinated Outreach — Many Energy Service Companies (ESCOs) have their own equity focus goals. Since the majority of the P4P projects are submitted by ESCOs, PSE will investigate integration opportunities to enable and support a coordinated outreach with the ESCOs in these communities.*
- *Staff Training — Smaller facilities often do not have dedicated staff to provide the energy management and reporting requirements of P4P. PSE will investigate providing training opportunities to staff to improve community-sourced expertise.*
- *Education and Marketing — Several existing P4P contracts are already servicing Named Communities in priority areas including tribal entities. PSE is developing case studies, marketing materials, and collecting customer statements to include on its website and in its printed materials, which should encourage industry peers to connect with the P4P program.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2025, the P4P program's adaptive management of program parameters will focus on reducing the barriers to recruitment opportunities for larger, more complicated projects and reducing the risks of payments made toward unrealized savings. Since larger projects tend to take more time to implement, the contracted implementation period will be calibrated to customers' established project schedules rather than the standard 12-15 months.

To protect against payments where EMEs are less confident in customers' estimated savings, PSE will reduce the first-year base incentive milestone payment. Doing this, rather than changing the savings projection, protects against paying for savings that PSE might not realize. However, it still provides headroom for the customer to reap the benefits of the full base incentive over the five-year term if they achieve the totality of the savings they have estimated.

The P4P natural gas program shows a significant decrease in the 2025 budget. This is due to the removal of a significantly large project because of a customer change in scope toward electrification. Since PSE does not provide electricity to this site, savings could not be transferred to the electric P4P savings target.

D. Large Power User/Self-Directed

Schedule E258

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This program provides incentives that support self-directed energy efficiency projects proposed by large power users on PSE rate schedules 46, 49, 448, 449, 458, 459, and special contracts. Participating customers receive funding based on their electric usage and are responsible for proposing cost-effective project(s) to utilize their allocation. The program has a four year cycle with both non-competitive and competitive phases.

In the 2024-2025 biennium, the program will be in the second and third years of the new program cycle, which began in 2023. The LPU program cycle has a "non-competitive" phase for the first two and a half years of its four-year cycle in which each customer has exclusive access to funding that they have contributed through their Schedule 120 Electric Conservation Rider. The end of the non-competitive phase of the cycle is in May of 2025 at which point any unclaimed funding allocations will be pooled and offered to customers through a competitive-phase RFP. Projects submitted for consideration will be ranked based on cost effectiveness and awarded funding until either all projects are fully funded per the program funding calculator or all funding has been utilized. If there remains any unclaimed funding, one or two SEM cohorts will be assembled from interested Large Power User customers and a three-year SEM cohort will kick off.

The SEM cohort is a new addition of the Large Power User program for this cycle, with the goal of utilizing unspent competitive phase funding that existed in the previous program cycle (2019-2022) and offering customers another way to participate in the program aside from capital projects. As in the previous program cycle, customers will be able to use up to 15 percent of their individual allocation for energy studies by approved third parties in order to identify energy efficiency measures at their sites.

Equity Focus

Eligible sites in the Large Power User program are large commercial, industrial, or institutional customers that would not be considered low-income or marginalized. However, special focus will be paid to those Large Power User customers located near Named Communities in order to reduce negative externalities such as onsite emissions and light pollution that may impact neighboring communities and customers. The equitable distribution of benefits and burdens created by this Schedule are broader and more related to health and environmental benefits at the community level.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

There have been no significant updates since the filing of the BCP. The third year of the current program cycle is 2025, and the strategic energy management (SEM) cohort(s) will begin in the competitive phase of the cycle in mid-2025. The 2025 savings estimate for the non-449 customers has been lowered significantly due to a lack of received projects in 2024 and discussions with customers on their 2025 project prospects.

E. Commercial Rebates

Schedules E/G 262

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Commercial Rebates suite of offerings is comprised of several rebate programs whose opportunities are geared toward PSE's small-to-medium sized commercial customers (though not exclusive to them). Commercial Rebates programs include:

- *Commercial Retail Lighting — Lighting to Go,*
- *Commercial Foodservice,*
- *Lodging Rebates,*
- *Commercial HVAC,*
 - *Commercial Envelope*
 - *Commercial Water Heat*
- *Commercial Midstream HVAC and Water Heat, and*
- *Small Business Direct Install (SBDI).*

Equity Focus

PSE will strategically apply human-centered approaches and a broad menu of resources to address the needs of Named Communities in coordination with marketing, events, and Energy

Efficient Communities teams. For a detailed, program-by-program equity focus, please read more below.

1. Commercial Retail Lighting– Lighting to Go

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Lighting to Go program provides customers with point-of-sale discounts for prescriptive lighting at commercial lighting wholesalers, distributors, and suppliers. This program is a significant contributor to electric savings within the BEM sector. There are quantity limits set on some light fixtures to ensure participation in large projects go through PSE's Business Lighting program as Lighting to Go is directed toward small-to-medium projects.

In the 2024-2025 biennium, the program will continue to add new participating distributors by increasing and utilizing field visits to branch and lone distributors in PSE's service territory because there are small distributors throughout the territory that would benefit from participating in the program. The program will continue its approach of keeping participation requirements simple for the distributors.

Equity Focus

The Lighting-to-Go program is available to all electric customers in PSE's territory. In the 2024-2025 biennium, there will be a heavy focus on increasing the number of participating distributors, both online and in brick-and-mortar stores. This will help to ensure full coverage in PSE territory. The program will employ new marketing techniques to enhance program awareness, including transcreation of program materials into other languages in order to better connect the program to non-English-speaking contractors and customers. Specific focus will be placed on ensuring distributors in and around Named Communities are participating and have the necessary marketing material needed to reach customers.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The program's 2025 decrease in its electric rider budget is due to its transition to a new third-party implementer and a realignment of allocated costs.

Equity Focus

In 2025, the program will launch marketing material in Spanish and has added Ukrainian as an additional language option for transcreated material. Ukrainian was selected after PSE surveyed lighting, midstream commercial and residential HVAC, and water heat distributors and contractors who found that it was a language frequently spoken by customers.

2. Commercial Foodservice

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Commercial Foodservice program serves customers who utilize commercial foodservice equipment. Foodservice measures are offered through both midstream (instant rebates) and downstream models. PSE's midstream model was first in the country for the commercial foodservice sector, and partnering with local, regional, and national sales channels has proven crucial to effective program reach.

In the 2024-2025 biennium, the program looks to grow relationships with national chain restaurant customers by introducing measures that are more frequently purchased through the sales channels that that customer type utilizes. Their proportion of the foodservice market has been historically untapped by downstream and midstream rebate programs across the country. PSE's planned strategies around this customer type in 2024-2025 will greatly benefit them by way of a clearer path to participation that is more suitable to the way that they do business. Additionally in 2024-2025, the program will work to onboard the largest online retailer in the country into the program in addition to making enhancements to its integration within the foodservice industry's largest foodservice equipment sales platform (AutoQuotes).

Additionally, the updated standard enumerated in 2019 Washington State House Bill 1444 affects some commercial cooking equipment within the portfolio and there continues to be some uncertainty in the market due to retailers continuing to stock lower-efficiency items. In response to this, PSE will continue rebates on fryers, steamers, and dishwashers, and program staff will continue to assess the market in order to determine efficiency baselines for 2025.

Equity Focus

The Commercial Foodservice program focuses on a unique and challenged customer segment whose business relies on energy-intensive equipment. This segment also has difficulty understanding, trusting, and subsequently participating in CEM programs. That is why developing tailored strategies for program delivery models must bear in mind specific customized solutions.

In the 2024-2025 biennium, PSE will continue to focus program efforts toward these preferred channels, enhanced by the expanded Midstream program engagement of local, regional, and national market partners and chains. The program will increase creative marketing efforts and campaigns to raise general industry awareness, including the transcreation of program materials, which will better serve business owners who speak languages other than English. Campaigns focused on specifically reaching Foodservice customers in PSE's Named Communities are also planned. Lastly, the program will

continue to coordinate closely with the Small Business Direct Install program, allowing this sector to take full advantage of free energy assessments and assist in connecting them with the full portfolio of PSE's offerings.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

As a result of Washington's energy efficiency appliance standards (stemming from HB 1444 in 2019), PSE will discontinue rebates on the lowest tier of fryers, all steamers, and all dishwashers in 2025. The program has provided consistent and early communication to prepare the market for this change. PSE continues to hear from equipment distributors that they anticipate a shift to selling inefficient equipment in these categories. However, PSE's partners do intend to continue to participate in PSE's program by focusing on other rebated equipment categories.

Additionally, and a result of the implementation of the newest (2021) Washington State Energy Code (WSEC), active as of March 2024, commercial reach-in refrigerators and freezers will also be removed from the program rebate offering in 2025. These changes have also been communicated early and consistently with the market to work collaboratively on a successful transition path for Jan. 1, 2025.

Despite these changes, PSE anticipates higher customer participation in 2025 than originally planned. Heightened popularity of some measures occurred in 2024 above and beyond expectation, and that trend is expected to continue into 2025. This stems from relationship building with nationwide market actors being more successful, and occurring more quickly, than anticipated. The volume of units expected in the program has increased above what PSE originally would have seen without this enhanced awareness and attention. This has resulted in a net increase in savings and a corresponding increase in budget.

3. Lodging Rebates

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Lodging rebates are designed to help hotel and motel customers afford the significant cost associated with making changes to their greatest energy burden—heating and cooling. This program is offered through a downstream model and rebates are set at an “up to” amount based on the individual cost of the equipment. PSE reintroduced this program in 2021 with enhanced incentive amounts.

In the 2024-2025 biennium, the program plans for a more streamlined participation path for these customers who struggle with any overly complex or technical processes, which historically exist within this program offering. For instance, in 2024-2025, pre- and post-verification steps will utilize the support of PSE's internal Verification team in order to better assist customers with the challenges these steps present. With this program's “up to”

rebate offering covering the majority of the cost of their equipment upgrade (as intended), customer interest in the program is continuously heavy. Great effort will be focused on improving the ease with which customers can start and complete their projects with PSE while still maintaining the necessary requirements for the program to ensure savings accuracy and effective in-service rates.

Equity Focus

This program is available to all hotel and motel customers utilizing PSE electricity for heating and cooling, and it does not limit participation due to size. However, PSE's small- and medium-sized hotel and motel customers are the greatest focus. This design allows these customers to address multiple retrofits (ideally whole building) in their facility and not be limited to installing one or two at a time as their tight budgets permit. This is why the incentive is strategically set at a high dollar value.

A key specific equity action in 2024-2025 will be a heavy focus on reaching the remaining 30 percent of the hotels within PSE's Named Communities that have not yet participated in the program. Specifically, PSE will be offering them direct and 1:1 outreach to help overcome any barriers that might inhibit their completion of qualifying projects with PSE. The program will also utilize strategic marketing tactics for the sector, including search engine marketing, email, and social media campaigns, as well as direct mailers in-language to customers identified with a language need. PSE also intends to collaborate with the Washington Hospitality Association, with their newly announced Latino Chapter, as well as other smaller local hotel associations to market the program and increase awareness.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

Based on continuously healthy participation from the market in the Lodging Rebates program in 2024, PSE is slightly increasing the electric savings targets for 2025 to account for the increased availability and subsequent popularity of its incentive model for this customer.

4. Commercial HVAC

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This program provides a variety of rebates for customers via a downstream delivery model.

1. HVAC — Rebates for commercial customers help reduce energy usage without having to upgrade costly rooftop equipment. This program works well as a next step for small

commercial customers that have participated in the SBDI or Business Lighting program.

2. *Commercial Envelope — Rebates reduce the cost of improvements to a building's shell. This program targets buildings that have little to no wall or attic insulation and those with inefficient windows. For commercial customers who use PSE electricity to heat their buildings or PSE dual fuel customers who use natural gas to heat.*
3. *Commercial Water Heat — PSE will add rebates on HPWH ≤ 120 gallons for PSE electric commercial customers to upgrade their electric hot water heaters to more efficient equipment.*

Equity Focus

The Commercial HVAC Program is focused on addressing high customer energy burden and increasing accessibility within Named Communities. To that end, the program is pursuing the following concrete actions:

- **Targeting Named Communities businesses through outreach based on partnerships with community organizations.** *PSE is partnering with organizations like the Korean American Grocer's Association of Washington to inform businesses of available incentives.*
- **Introducing new measures to broaden the number of customers reached.** *Measures are tailored to small businesses and address common concerns of struggling businesses.*
- **Working with industry and partners to transcreate and demystify program materials.** *Commercial HVAC is complicated, which creates a barrier to some customers understanding benefits. PSE will revamp customer marketing materials to focus on education and customer benefits.*

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

In 2025, the Commercial HVAC Rebates program has a more conservative electric forecast than initially planned. This is due to a combination of staff turnover that has affected the momentum of the program and a lack of Advanced Rooftop Controls (ARC) customer participation. PSE plans to fix these issues in 2025 by filling the program coordinator role after a lengthy vacancy, building relationships with ARC installers and manufacturers, and evaluating participation requirements to find improvement opportunities.

Effective in 2025, the Ductless Heat Pump program plans to continue rebating new HSPF2-rated units. PSE will consider ad hoc approvals for units that utilize the older HSPF rating system. PSE will also focus program efforts directly on customers and contractors to boost customer

awareness and satisfaction with heat pump water heaters (HPWHs) and provide contractors with the necessary information and tools to improve HPWH equipment performance in commercial spaces.

The program's incentives are designed to work in conjunction with the existing Small Business Direct Install (SBDI) program. The focus of the program's coordination will be to find commercial customers using electric resistance water heating who are eligible for HPWH incentives.

5. Commercial Midstream HVAC and Water Heat

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The PSE Midstream HVAC and Water Heating program is designed to engage equipment distributors to influence the stocking and upselling of high-efficiency products. By working higher up in the supply chain, the program influences a much larger portion of the addressable market, including HICs, small- and medium-sized businesses (SMB), and other customer segments that can benefit from the lifetime energy savings of high-efficiency equipment without filling out and sending in a paper application.

For the 2024-2025 biennium, PSE is removing the poorly performing ≤ 120 -gallon HPWHs in favor of different program models for more direct connections with the market at the contractor and customer level.

Equity Focus

The program team is evaluating opportunities to develop a set of core best practices for equity implementation in the midstream model. PSE is identifying the rate of participation to understand which communities would benefit from targeted outreach. One key population to be targeted with new and triaged solutions will be renters. Specific actions to be explored include striking innovative partnerships with CBOs and raising awareness among midstream providers. Additionally, this evaluation will identify contractors that are currently selling or are connected to Named Communities and develop working relationships with them to bring awareness of and training for the program. This program also partners with other PSE programs that target Named Communities to ensure maximum program benefits are realized by those customers and contractors.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

There have been no updates since the filing of the BCP.

6. Small Business Direct Install

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Small Business Direct Install (SBDI) program often contributes over 10 percent of electric savings across business programs. SBDI is designed to help small business customers embark on a relationship with PSE that can include completion of lighting, refrigeration and HVAC upgrades. Participants receive a free energy assessment to begin the process, followed by direct installs through the program and are often connected to PSE's other rebate and custom grant programs when appropriate. This program is intended for smaller business and buildings with less than 10,000 sq. ft., and customer segments typically include restaurants, grocery, small hotels and motels, retail office spaces, and small agricultural buildings.

With the free assessment and low- to no-cost upgrades, this program addresses awareness, education, and cost barriers for small businesses that are commonly found in Named Communities. As mentioned below, the program will increase creative marketing efforts and campaigns to raise general program awareness, including the transcreation of program materials, which will better serve business owners who speak languages other than English.

Equity Focus

In the 2024-2025 biennium, this program will continue to assess participation levels across the service territory, utilizing market research and Named Communities data to target locations for community-based blitz activities. Blitzes will incorporate a new and strategic marketing technique involving the transcreation of community blitz materials for PSE's non-English-speaking business customers. This is especially valuable when PSE staff enters businesses that do not use English primarily and, therefore, do not understand why PSE is there. The program will also increase marketing efforts to include more social media campaigns (i.e., Facebook, LinkedIn, Instagram) with a special focus on Named Communities. Additionally, to add to the current suite of transcreated general SBDI program materials (Spanish, Korean, Chinese [both simple and traditional], and Vietnamese) PSE will add Russian and Hindi to the program. The Energy Efficient Communities team will target in person outreach to Women- and BIPOC-owned small-to-medium businesses, as well as those located within Named Communities Census blocks.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

Decreased therm savings are forecast for the SBDI program in 2025 due to potentially increased contractor installation costs. PSE offered contractors a price per installation in 2024. There was

little uptake. In conversations with installers, they signaled that PSE's payments would have to be significantly higher to be worth their time given the expenses to service a customer. The higher costs proposed for 2025 installations were not cost-effective. Therefore, PSE plans to continue the current offer but expects fewer completed projects. The program will continue to reach out to and search for small businesses that have not participated in and received a free energy assessment. In 2025, PSE will also increase the program's social media marketing as this has been shown to be an effective approach in reaching small business owners.

Equity Focus

The program has added additional transcreated blitz flyers in multiple languages. When they are available, a Spanish-speaking staff member from the Energy Efficient Communities (EEC) team participates during blitzes.

V. Pilots

Schedules E/G 249

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

PSE had not identified pilots with uncertain savings. Individual programs will continue adaptive management and “pilot-like” adjustments that try new ways of delivering products with known energy savings. Two pilots from the previous biennium for residential customers focused on digital retail education and retail energy displays. After evaluating these pilots, PSE decided not to continue them into the 2024-2025 biennium. Additionally, in 2022-2023, the Virtual Commissioning pilot for commercial customers was successfully converted to a program with certain savings. PSE will continue to adaptively manage programs and scan the market for new opportunities.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

VI. Regional Programs

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This section provides an overview summary of programs that do not fit into the Residential Energy Management (REM) or Business Energy Management (BEM) sectors, are of a more regional nature (consisting of sites, installations, or facilities outside of PSE's service area), or are not directly managed by Customer Energy Management (CEM) program staff.

A. Northwest Energy Efficiency Alliance

Schedule E/G 254

The Northwest Energy Efficiency Alliance's (NEEA) updated operations plan for PSE's service area in 2025 is included in this ACP as a standalone document, Exhibit 5.

1. Participation in NEEA Operations

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Several PSE staff members participate on NEEA committees. Some committees are advisory in nature and others are technically oriented. NEEA also maintains selected sub-committees and working groups that report up to the senior committees. The majority of the operational committees advise four groups that provide advice and recommendations to the NEEA executive board and board of directors. PSE sits on the board of directors.

CEM staff often participate on more than one committee or working group, as well as ad-hoc and limited-time work groups. PSE staff participates in the following:

- *Regional Portfolio Advisory Committee*
- *Cost-Effectiveness Advisory Committee*
- *Commercial New Construction Initiative*
- *Natural Gas Advisory Committee*
- *Integrated Systems Coordinating Committee*
- *Products Coordinating Committee*
- *Controls Working Group*
- *Northwest Strategic Energy Management Collaborative*
 - *Collaborative Funders Group*
 - *Industrial Collaborative Funders Group*

- *Regional Emerging Technology Advisory Committee*

PSE representatives that are a part of the Regional Portfolio Advisory Committee vote on broad initiatives. Other participants collaborate with committee or work group members outside of the committee forums and bring issues and new initiatives to their groups.

2025 Updates, Revisions, Enhancements, Adaptive Management

NEEA has proposed a commercial whole building special project study for 2025-2027 to find tools and resources that address known barriers to commercial sector energy efficiency engagement and provide those tools and resources to the commercial building sector so that it can undertake energy efficiency and decarbonization retrofits. One example of tools and resources to address barriers to participation is case studies illustrating a clear and compelling business case for retrofits. NEEA's Whole Buildings Special Project will build regional resources, convene regional interested parties, hone market interventions, and identify promising services and technologies to encourage energy efficiency and decarbonization.

The study is divided into two tasks: regional resource development and market transformation concept refinement. NEEA is preparing to contract with consultants to begin the study in 2025.

NEEA's projected Electric Rider Budget increased due to increased inflation in the new 2025-2029 five-year cycle.

2. Natural Gas Market Transformation

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The NEEA Natural Gas Advisory Committee (NGAC) currently serves both technical and advisory functions. There are no sub-committees established as of the filing of this BCP. As a major funder, PSE staff also participate on this committee. NEEA is anticipating program savings of 0 to 7,500 therms per year for efficient rooftop units that may be installed in PSE territory during the biennium. PSE will not forecast these savings in Exhibit 1 due to the uncertainty surrounding this measure.

2025 Updates, Revisions, Enhancements, Adaptive Management

NEEA's projected Natural Gas Rider budget increased due to inflation and a focus on commercial measures in the new 2025-2029 five-year cycle. As an explanation of increased costs, please view additional information about the natural gas budget in Exhibit 5, Supplement 1: *NEEA Cycle 7 Natural Gas Business Plan: Value Delivery for Puget Sound Energy*.

B. Targeted DSM

Schedule 219

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Targeted Demand Side Management (TDSM) is an energy efficiency initiative to identify localized conservation and Demand Response (DR) potential, develop plans to achieve a defined percentage of that potential, and then implement those plans to deliver identified energy efficiency and capacity savings.

The TDSM program uses avoided costs for specific municipalities 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 Non-Wired Alternative (NWA) Project, as determined by PSE.

In the 2024-2025 biennium, the TDSM initiative will offer the same measures that are available through standard programs. However, TDSM will offer an increased amount on measure incentives in specific qualified localities, either through a bonus amount attached to the incentive or through additional separate incentives. PSE provides a complete listing of available measures in Exhibit 3: Program Details.

Equity Focus

In the 2024-2025 biennium, the program team will tailor priority recruitment messaging within Named Communities by utilizing existing equity tools like the transcreation of marketing materials and the Named Communities Dashboard. Looking forward, the team also intends to develop equity tools to assist in this process by assessing pain points within customer recruitment and gathering customer feedback to develop solutions in partnership with the equity team. In addition to this, the program team will evaluate existing partnered vendors to develop a device provisioning process to aid and support low-income customers in connected device acquisition and installation while identifying opportunities to remove barriers and improve the customer journey. The program team will also assess the need for developing a Request for Proposals (RFP) to identify what type of process will best fit the needs of both the program and communities that will be receiving these services.

2025 Updates, Revisions, Enhancements, Adaptive Management, Equity Focus

The Single Family Weatherization program added a new attic insulation incentive tier that has also been added to the Targeted DSM (TDSM) program.

C. Distribution Efficiencies

Schedule E292

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

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.

In 2024-2025, PSE plans to implement 24 Conservation Voltage Reduction (CVR) projects at PSE substations distributed across PSE's service territory. CVR involves lowering feeder voltage that provides energy savings when operating the distribution system more efficiently, while still operating within the American National Standards Institute (ANSI) Standard of 114-126 volts at the meter. The plan for CVR implementation includes required system upgrades, implementation of RTF-prescribed M&V protocols, as well as the required phase-balancing work, which is a precursor to successful CVR implementation.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no changes to this program's implementation since the filing of the BCP. The program experienced a decrease in its 2025 electric savings targets because its initial savings targets were carried over from the results of the first two implemented CVR projects. Because the projects with the highest savings targets were implemented first, savings per project have diminished over time, as expected. The revised savings estimate uses the median savings per substation of 2023's implemented CVR projects.

VII. Other Customer Programs

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

PSE separates the Other Electric Programs category from other Schedule 120 Electric and Natural Gas Conservation Rider programs because they are not used in calculating cost effectiveness of the overall Portfolio. In the 2024-2025 biennium, Customer Connected Solar and Targeted DR will be included in this category.

A. Net Metering

Schedule E150

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

As of July 2023, PSE has a total of 158 MW of net-metered generation operating in its service territory and expects to meet the threshold (4 percent of 1996 peak load) limiting the requirement of Schedule 150 around the beginning of 2024. This represents a 300 percent increase in annual solar adoption since the start of the last biennium. PSE is participating in and contributing to several statewide studies and conversations with interested parties about the timing and methodology for a successor tariff. Because this transition involves both policymaking and ratemaking and will have substantial impact on the residential solar market and local industry, PSE will continue to offer Schedule 150 past its current legal requirement to do so until at least 2025—when Washington State has a clearer path forward for compensating customers for solar energy generation. Program staff anticipate that strong adoption will continue into the next biennium and will be working to realign the interconnection process and product offering with this volume along with new customer clean energy products and PSE’s customers’ expectations of service.

For the 2024-2025 biennium, PSE will add personnel resources required to continue to address the growing interest in customer-sited solar. This includes resources to ensure that customer-owned solar generation is safely interconnected to the utility system, and that net-metered billing is set up quickly and accurately. In addition, PSE will continue to support customers’ interests through educational and contractor referral services that ensure customers are making the best decisions for their circumstances.

2025 Updates, Revisions, Enhancements, Adaptive Management

In compliance with Chapter 80.60 RCW, PSE has offered its Net Meter Services under Schedule 150, RCW 80.60.020(1)(a)(ii), that require the billing methodology of Schedule 150 to be available to new qualifying customer-generators until the cumulative generating capacity of net metering systems reaches 4% of 1996 peak demand. For PSE, this is 179 MW, and it reached this

threshold in generating capacity at the end of February 2024. Sch. 150 was amended effective Feb. 29, 2024, to make it available to new customer-generators through at least Dec. 31, 2025, or when a new rate schedule is available — whichever comes later. The purpose of the amendment to continue the availability of net metering with the terms of compensation described in RCW 80.60.030 was to:

- Allow time for state-led efforts to study and inform the most equitable, best practice calculus for the value compensation for customer-generated solar energy. The Washington Academy of Sciences has been contracted by the Washington Department of Commerce (Commerce) to do this work, and PSE is committed to participating in good faith with interested parties including Commission staff. PSE believes the output of this engagement should lead to the value of solar energy returned to the grid, inform the methodology used to calculate it, and the next future net metering services tariff schedule.
- Provide customers and the solar industry the necessary transparency and assurance they need to make their net metering system investment decisions over the next two years.
- Support PSE's Clean Energy Implementation Plan (CEIP) goals by supporting customer installations of additional distributed solar.
- Allow for recipients of newly released state and federal grant funding, targeted at highly impacted communities (HICs) and vulnerable populations (VPs) and the community organizations serving them, to benefit from traditional net metering.

As of July 2024, PSE had 190 MW of net metered capacity from 23,689 customer generating systems. Program staff anticipate that strong adoption will continue into the next biennium. Staff will also work to optimize: the interconnection process and product offering with this volume; new customer clean energy products; and PSE's customers' expectations of service.

In 2025 and beyond, PSE will continue to work on improvements to the interconnection process and the automation of billing for net-metered customers. In addition, PSE will be working to align its interconnection standards and processes, trade ally information, and the customer experience with new products and services.

B. Targeted Demand Response

Schedule E/G 249A

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The purpose of the Localized DR Pilot is to evaluate DR options applicable to identified Non-Wired Alternatives (NWA) projects in specific, targeted localities. Attributes that this pilot program will 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. PSE expects to gain experience with DR technologies; a greater understanding of customer acceptance and tolerance of demand control; the need for customer incentives (financial or other); and demand reduction effectiveness and reliability.

DR projects will be in both electric and natural gas sectors. PSE provides a complete discussion of the pilot in Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

C. Demand Response

In 2025, the Demand Response (DR) portfolio is increasing, as are the marketing, IT support, equipment provisioning, and full-time employee costs to manage the programs.

1. Residential Behavioral Demand Response

Opt-Out, Non-Incentivized Schedule 272

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Flex Standard is an opt-out behavioral DR (BDR) program that automatically enrolls approximately 255,000 customers during the winter season and 515,000 customers in the summer season (November 1 – March 31 and May 1 – September 30, respectively). After events, customers will be shown what their energy usage is compared to similar homes in the area based on PSE-provided Advanced Metering Infrastructure (AMI) data.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP. Flex Standard is known as Flex Events, and the word “standard” was mistakenly added in the 2024-2025 BCP filing.

Opt-In, Incentivized Schedule 272

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Flex Rewards is an opt-in, incentivized BDR program that rewards customers for making manual adjustments to their energy usage during a defined DR event, communicated via email and SMS. These events take place during summer and winter DR seasons (November 1 – March 31 and May 1 – September 30, respectively). Up to 72 hours after an event, customers may log into their customer account to review their event participation statistics and learn what incentives they earned for their participation.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

2. Residential Automated Demand Response Schedule 272

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Flex is PSE's opt-in, incentivized Direct Load Control DR program. Customers may enroll their eligible smart thermostats, connected water heater, residential battery and electric vehicle (EV) charger or EV to participate in DR events during the summer and winter DR seasons (November 1 – March 31 and May 1 – September 30, respectively). Up to 72 hours after a DR event, customers may log into their customer account to review what their participation performance results were and learn more about participation incentives they qualify for, as applicable to the enrolled device.

2025 Updates, Revisions, Enhancements, Adaptive Management

Under the Flex Program umbrella, PSE hosts a variety of products that represent the specific device type being enrolled in the Direct Load Control Program. For example, Flex Smart for thermostats, Flex EV for EV or EV charger enrollment, or Flex Batteries for residential battery enrollment.

PSE added Flex Battery at the end of Q3 2024, a program for customers to enroll their residential batteries in PSE's DR program. In Q4 of 2024, PSE will launch Flex Water Heater for customers to enroll their electric water heaters in PSE's DR program. In 2025, PSE will expand Flex Water Heater enrollment options to include integrated controls with Rheem and A.O. Smith.

3. Commercial and Industrial Demand Response Schedule 271

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

PSE's DR program for commercial and industrial (C/I) customers, Business Demand Response, is an opt-in, incentivized combination of automated and BDR actions. Customers will work with PSE's vendors to create a custom energy reduction plan outlining the actions businesses have agreed to take during an event as well as expected incentive payments. Customers will receive event support, reporting, and payment directly from PSE's vendors.

2025 Updates, Revisions, Enhancements, Adaptive Management

Business Demand Response is PSE's DR program for commercial and industrial (C/I) customers. PSE's curtailment plan is now referred to as an energy reduction plan for consistency. In 2025, PSE will expand Flex Smart and Flex Rewards offerings to small business customers.

D. GRC Commitment

1. Targeted Electrification Pilot

Non-Schedule 120 Conservation Funding

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The 2022 PSE General Rate Case (GRC) revenue requirement settlement required that PSE conduct a Targeted Electrification Pilot aimed at engaging 10,000 customers through two of the following three pathways: rebates, electrification assessments, and education. Funding for this pilot was provided via the GRC outside of the Schedule 120 Electric Conservation Rider; the pilot is not currently funded by Schedule 120. In June of 2023, the CEM group launched the Targeted Electrification Pilot designed to deploy strategies to maximize effective carbon reduction measures (heat pumps) and identify opportunities to offset electric system reliability risk while also identifying barriers and recommendations to improve heat pump market penetration, particularly in Named Communities.

Running through June 2024, this pilot is a learning opportunity for PSE and its customers, and it will be instrumental in helping to design and influence effective policies and programs to support the clean energy transition while maintaining reliability and affordability for customers. The pilot's settlement-funded efforts are as follows:

- Residential single-family PSE natural gas customers are eligible to receive a free in-home electrification assessment that provides actionable energy efficiency tips and a comprehensive list of next steps to pursue a lower carbon electric lifestyle. Electrification Coaches conducting these assessments will provide participating customers with a \$50 gift card and a report outlining the electrification projects and the financial incentives available from utilities, local, state, and federal programs, including the Inflation Reduction Act (IRA).*
- Residential single-family PSE dual-fuel (active natural gas and electricity accounts) customers are eligible to receive a \$2,400 - \$4,000 rebate when they install a qualifying heat pump system that fully replaces their previous natural gas furnace or boiler. Equipment requirements are aligned with IRA tax credit requirements to assist customers in maximizing available funding.*
- Up to 50 low-income-qualified customers are eligible to receive whole-home weatherization and heat pump space/water heating upgrades at no cost. PSE will cover the full cost associated with the electrification projects, including the heat pumps and panel upgrades, while the whole-home weatherization will be funded by current Weatherization Assistance agencies.*
- A multi-family building electrification project and small-to-medium business electrification outreach is also planned via the Targeted Electrification Pilot.*

In consultation with the CRAG, findings from the Targeted Electrification Pilot will be considered in the 2026-2027 Biennial Conservation Plan.

2025 Updates, Revisions, Enhancements, Adaptive Management

The 2022 PSE General Rate Case (GRC) settlement required that PSE conduct a Targeted Electrification Pilot that was intended to come to a close by the end of 2024. The remaining work in 2025 will be limited to preparing a final report to be filed with the Targeted Electrification Strategy in January 2025.

VIII. Support and Planning

A. Portfolio Support

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Portfolio Support functions and activities provide needed services to residential and business sector program staff and customers. Services include delivering a wide range of options for customers to ask questions and obtain information about PSE's energy efficiency programs and ensure that PSE's awareness messaging is consistent across all platforms. Portfolio Support staff process enormous amounts of rebate applications and measure installation data, integrate PSE cost-effectiveness and UES savings methodologies in the region, and provide resources for developing new and updated program offerings.

The following provides a summary overview of activities and major updates included under the umbrella of Portfolio Support. Full descriptions of each team and associated 2024-2025 activities may be found in Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

B. Programs Support

The Programs Support group provides critical services to program staff. This is particularly crucial during planning periods, as the group facilitates several planning initiatives, manages the Request for Proposals (RFP)/Request for Information (RFI) process, and produces and maintains many process manuals. Program Support staff's roles also include IT support, product positioning and Integrated Go-to-Market planning, internal communications, and employee engagement. Other teams included under the Programs Support group include: Data and Systems Services, Verification, Rebates Processing, and Trade Ally Support.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

C. Data and Systems Services

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This team is responsible for reviewing and ensuring data integrity from a wide variety of sources, including vendors, program staff, and contractors. The team interfaces with several data systems, including SAP (PSE's business and customer relations software), DSMc (Demand Side Management central, a project tracking system), and Energy Efficiency

Services (EES) Tracking (a portfolio tracking and forecasting system). The team also provides systems for program staff to enter measure data on a monthly basis to feed reporting systems and uses measure data and projections to build monthly forecasting models.

In the 2024-2025 biennium, the team will continue to modify program workflows in the DSMc system to improve processing efficiency and enhance the customer rebate submission experience. The team will also continue to develop new dashboards to help CEM staff better monitor and improve performance.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

D. Rebates Processing

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This team plays a critical role in PSE's ability to achieve its customer participation and conservation goals, as they are a key energy-efficiency contact point for PSE customers. The team's staff must be well-versed in all CEM programs, the terms and conditions of PSE incentives, and be sensitive to how they represent the CEM Department to customers. The team also uses feedback provided by PSE constituents to collaborate with program staff to make process improvements within programs throughout the year.

In the 2024-2025 biennium, the Rebates Processing team will redesign rebate forms with clearer instructions and qualifying criteria, analyze rejection reasoning for the root cause of non-qualified rebates, and simplify the application process for customers.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

E. Verification

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Verification team performs both on-site and virtual inspections and confirmations of randomly selected participant homes and businesses to ensure energy-efficiency measures are properly installed. The team updates verification policies, protocols, guidelines, and processes as necessary.

The team has increased the capacity for more virtual verification options for customers and will continue to expand virtual verifications in the 2024-2025 biennium, except where on-site inspections are required to retain the integrity of verifications. An example of this exception

is for commercial rebate programs because it has been challenging to perform virtual inspections for this sector.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

F. Trade Ally Support

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

In 2024-2025, the Trade Ally Support team will manage PSE's memberships in trade associations that benefit customers, including:

- Association of Energy Service Professionals (AESP)
- Building Owners & Managers Association (BOMA) of Seattle & King County
- Consortium for Energy Efficiency (CEE)
- E Source
- Electric League of the Pacific Northwest
- Energy Solutions Center (ESC)
- Northwest Energy Efficiency Council (NEEC)

PSE provides extensive discussions of the objectives satisfied for each CEM Trade Ally organization, including, but not limited to: organization description, the need for PSE participation, and if there are associated sponsorships or events in Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

In 2025, PSE will no longer fund the Building Owners & Managers Association (BOMA) of Seattle & King County because it no longer requires BOMA's services. PSE will also no longer fund the Energy Solutions Center (ESC) because of a focus on electrification.

G. Trade Ally Network

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Trade Ally Network (TAN) is PSE's formal conduit for trade ally engagement with and participation in PSE's CEM programs. The TAN team engages approximately 200 independent contractors through the network who deliver energy efficiency (and ancillary) products and services to PSE's customer base.

In addition, the TAN team develops tools and resources to engage broader groups of trade allies including distributors, manufacturers, professional organizations, etc., to support more inclusive opportunities for trade ally partnerships.

In 2025, the TAN team will be further supporting PSE's Demand Response (DR) efforts by bringing on additional staff and resources. The TAN program will expand the customer referral service to support Distributed Energy Resources (DER) offerings related to Electric Vehicle Supply Equipment (EVSE), Battery Energy Storage Systems (BESS), Smart Panels, and more.

2025 Updates, Revisions, Enhancements, Adaptive Management

With the addition of more staff in 2025, the TAN program will see an increase in budget; however, this addition will also increase revenue. The revenue increase is tied to greater support for programs and products that will bring more referral opportunities to TAN alongside increased onboarding efforts of new Trade Allies into the program.

Also, by working with other programs such as Single Family Weatherization, Space and Water Heat, and teams from New Products and Services, the TAN program will have many new offerings to support customers and PSE's programs.

H. EnergyCAP

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

EnergyCAP® is a third-party, software-as-a-service platform that PSE has contracted with to provide commercial customers and property management partners access to their interval, daily, and monthly consumption data. ENERGY STAR Portfolio Manager users may use EnergyCAP to connect to their Portfolio Manager account, enabling automatic data flow from PSE into Portfolio Manager. EnergyCAP can also be utilized by customers to comply with the Washington Clean Buildings Law and the City of Seattle's benchmarking requirements.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

I. Energy Advisors

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This expert group brings efficiency into the homes of PSE customers by guiding them in changing behaviors, understanding their energy use, and assisting them in the selection and use of PSE programs that best match their individual circumstances. Energy Advisors (EAs) also promote and explain PSE's renewable energy programs, community challenges,

available promotions, and tax incentives. The EAs assist customers with these services over the phone, through email, via virtual and in-person events, and through social media.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

J. Equity Support

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

In the 2024-2025 biennium, a new budget category has been added to capture the costs associated with implementing some of CEM's equity-related objectives. These projected costs are by no means exhaustive of PSE's equity investment and efforts that are reflected throughout the BCP, such as the Equity Focus section in the Executive Summary and each program's "equity focus." This budget area specifically includes expenses related to commissioning segments of the department's Public Participation (P2) Plan for 2024-2025, such as anticipated vendor costs and customer stipends for participation.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

K. Energy Efficient Communities

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Energy Efficient Communities team emphasizes proactive direct residential and business customer outreach, with a focus on in-person engagement.

This strategy will augment the other forms of energy-efficiency exposure that customers receive, including phone contact, digital (including social media, radio, and television), and print. The team works to discover locally appropriate ways of engaging with customers by leveraging PSE's resources, community knowledge, and partner support.

As CEM considers customers in HICs and VPs, the Energy Efficient Communities team will focus its attention on the expansion of existing and design of new outreach tactics to reach these customers. Energy Efficient Communities team members are embedded within specific regions of PSE's service area to provide an improved connection to the multiple community parties that CEM serves 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 direct engagements; and through presentations to the small business community.

Specific activities and customer engagement efforts planned for 2024-2025 biennium can be found under the “Marketing and Outreach Plan” heading in each program description within Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

The Energy Efficient Communities (EEC) team has designed a tool to capture customer feedback primarily on PSE’s programs and products to identify common barriers that can help inform future design. No customer information is included, so the app allows PSE's in-field teams to gather real-time feedback while engaging with customers in the community. This is not designed to be a way to engage in a back-and-forth with customers but to be treated more like a suggestion box.

The information is then shared out via a dashboard where program teams can view all feedback or sort by various filters (program, audience, geography, and more). This is still in early stages, but it is a helpful way to gather qualitative feedback from customers who PSE may not be reaching through other feedback methods.

L. Customer Engagement

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

This section replaces Exhibit 7: Marketing and Outreach Summary.

Customer engagement responsibilities include the promotion of energy efficiency program offerings to achieve targets. This is accomplished by exercising promotional marketing and outreach to various market segments: residential direct-to-consumer, commercial and industrial (C/I), small-to-medium business, retailer, dealer, multi-family property managers, home and commercial builder, and trade ally groups—with the goal of influencing and motivating PSE’s customers to take specific, energy-efficient actions. The team anticipates customer needs, fosters community within specific channels, and ensures delivery of PSE services and products through a variety of marketing programs, promotions, communications, outreach, and events.

Specific activities and customer engagement efforts planned for 2024-2025 can be found under the header of “Marketing and Outreach Plan” in each program description within Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

M. Events

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Events team will work strategically with its internal partners to create successful, high-impact, integrated events. These residential- and commercial-focused events will align with program goals and be promoted through PSE’s digital and online platforms. Customers will be engaged through both virtual and in-person events. The Events team will continue to focus on Named Communities throughout PSE’s service area and offer culturally appropriate and multilingual communication as needed. These targeted events are intended to increase awareness of PSE programs and services and nurture relationships with some of the most vulnerable customers and those who may not have been connected with in the past.

Specific activities and customer engagement efforts planned for 2024-2025 can be found under the header of “Marketing and Outreach Plan” in each program description within Exhibit 3: Program Details.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

N. Customer Digital Experience

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Digital Experience team supports the design, development, and maintenance of informational and educational web pages, online forms, mobile app content, and other miscellaneous applications (e.g., e-newsletters) that simplify the energy-efficiency educational process by providing interactive and engaging experiences that drive PSE’s customers to manage and lower their energy usage.

These tools help customers understand the specifics behind their energy usage, show neighbor comparisons (residential customers),⁸ and provide new ways to encourage efficient behaviors by suggesting personalized tips, tools, ideas, and checklists based on customers’ automated energy usage profile and self-assessment information.

2025 Updates, Revisions, Enhancements, Adaptive Management

⁸ Specific customer details: addresses, names, account information, etc., are rigorously protected. Instead, only general, non-specific comparisons will be provided.

PSE is in the process of enabling an enhanced online disaggregation/usage profile for customers' homes to help increase the depth of engagement with tools that can aid customers in making informed, actionable decisions about their energy usage.

O. Digital Experience

For Reference Only

The Digital Experience team supports CEM's online presence through daily updates to PSE.com throughout the year. They update content, design layouts, and refresh pages as needed.

2025 Updates, Revisions, Enhancements, Adaptive Management

For clarity, PSE has included a description of its Digital Experience program in this ACP document, whose discussion was previously housed under Customer Digital Experience. There have been no programmatic updates to this program since the filing of the BCP.

P. Customer Awareness Tools

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Customer Awareness Tools are comprised of electronic services provided to PSE residential customers and designed to fit their communication expectations. The services include usage alerts that are sent to help customers adjust their energy usage mid-billing period and to address unusual increases in their usage compared to their usage history. Also included are seasonal readiness emails to help customers prepare for both heating and cooling seasons.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

Q. PSE Marketplace

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The PSE Marketplace is an online shopping platform managed by a third-party contractor. It features a selection of energy-saving products for natural gas and/or electric customers. The products sold and instant rebates provided through this service are aligned with and represented in program measure tables.

PSE maintains a focus on the customer journey to streamline participation and maximize value, and in the 2024-2025 biennium PSE will continue to add more products to the Marketplace.

2025 Updates, Revisions, Enhancements, Adaptive Management

PSE maintains a focus on the customer journey to streamline participation and maximize value, and in 2025 PSE will continue to add more products and services to the Marketplace. EV chargers were added to the PSE Marketplace in March 2024, and in June 2024 a new-and-improved PSE Marketplace was launched.

New features included Single Sign-On (SSO) for customer authentication; PSE Flex pre-enrollment for Demand Response (DR) enabled products; a single marketplace for all rebate levels, including Efficiency Boost and Empower Mobility for income-qualified customers; Spanish translation; and improved Trade Ally Network (TAN) integration. In addition to those added in 2024, PSE is looking to add additional products and product categories to the PSE Marketplace throughout 2025. The PSE Marketplace will also be translated into more languages in 2025.

R. Market Integration

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

In 2024-2025, Market Integration will fund labor to support the activities in Part 7, Customer Engagement. Market Integration will continue to drive energy efficiency customer program and services education; awareness and adoption efforts, including advertising, content marketing, social media, email, and direct engagement; unique promotional partnerships with local organizations aligned to customer energy efficiency targets; and other customer engagement strategies and tactics. Awareness efforts will be primarily focused on reaching those within HICs and VPs, as well as communities with high energy burden.

2025 Updates, Revisions, Enhancements, Adaptive Management

In 2025, the Market Integration team will continue its focus on education and awareness for customers in Named Community audiences and those with deepest need through the Small Change, Big Impact awareness campaign. This effort seeks to raise awareness about PSE programs and products while making energy efficiency and energy solutions for home and life feel attainable for all customers during Energy Efficiency Awareness Month in October. Targeted audiences include Spanish- and Vietnamese-speaking customers and those at an income level of 80% or less of area median income (AMI) who are reached via channels including radio, social media, TV, print ads, and events. Market Integration will also support a partnership with the Seattle Sounders FC that is designed to engage audiences, including Spanish-speaking customers, on the benefits of clean and efficient energy usage, as highlighted in the ACP's Executive Summary.

Additionally, Market Integration will also focus on further developing a comprehensive customer experience (CX) strategy. Its aim is to design and enable consistent and relevant experiences

that maximize benefits to key customer segments, drive growth to achieve targets, and transform PSE's customers into partners. This effort is part of the broader corporate "Energy Orchestration" initiative led by a consultant and partially funded by Market Integration. The initiative's goal is to develop an approach to customer engagement that is aligned and harmonized across multiple product portfolios, including Energy Efficiency, Demand Response, Targeted Electrification, Transportation Electrification, Solar and Storage, and others.

The CX strategy will also focus on enhancing PSE's ability to better understand its customers' unique needs and their propensity to participate in specific products, programs, and services. To that end, Market Integration will support an engagement with a SaaS-based customer intelligence platform that leverages customer data to make AI-driven insights accessible to business and marketing teams and create personalized customer experiences at scale. This engagement is a pilot that is intended to accelerate and augment internal customer insights and segmentation efforts and to evaluate the current capabilities needed to achieve CX and Energy Orchestration objectives in the long-term.

IX. Research and Strategic Planning

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The primary deliverables of this group are providing critical market research, customer information, survey results, demographic information, evaluations, assistance in the management of programs, and the development of PSE’s Conservation Potential Assessment (CPA) every two years.

A. Conservation Supply Curves

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The purpose of Conservation Supply Curves is to deliver a CPA for the Company’s subsequent Integrated Resource Plan (IRP). PSE’s 2025 Electric and Natural Gas CPA process began in 2023 to inform the subsequent biennium’s planning cycle. The 2024-2025 budget includes costs to complete the 2025 CPA, which includes input analysis for the modeling, modeling analysis, interested party engagement, reporting, and development of inputs for biennial program planning. Other efficiency funding sources, such as the Federal Inflation Reduction Act, have impacts on customer cost for specific upgrades modeled in the CPA.

2025 Updates, Revisions, Enhancements, Adaptive Management

HB 1589 was adopted in 2024, and it still requires large electric and natural gas utilities to file an Integrated System Plan (ISP) by Jan. 1, 2027, regardless of I-2066’s passage. Since the ISP must include a load forecast and resource plan that includes conservation and demand response (DR) targets, it is necessary for Customer Energy Management (CEM) to complete its target setting by early 2025 for incorporation into the load forecasting models. Since the CPA needs to inform those targets, a large part of the CPA updates for the ISP will be completed in 2024. PSE, therefore, reduced the 2025 Conservation Supply Curves budget to account for the fact that the majority of spending will likely occur in 2024.

B. Strategic Planning

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Strategic Planning 2024-2025 primary activities include support for the implementation of regional building stock assessments; research focused on how upgrades, such as heat pumps, impact energy and peak loads; and continued support for the Regional End-Use Load Research Project. PSE will also invest in research in other emerging technologies and continue support in regional efficiency collaboration through various work streams with the

NEEA and the Regional Technical Forum (RTF). Finally, ongoing efforts are required to establish how to integrate decarbonization strategies into customer programs.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

C. Market Research

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

The Market Research activities include energy-efficiency customer satisfaction surveys and tactical program target-marketing support. This team of analysts will continue to provide customer data, including an understanding of customer perceptions, barriers to the adoption of energy-efficient behavior, and tracking customer awareness of energy efficiency programs. They will also support program-specific requests for analyses of localized customer characteristics, attitudes, energy usage trends, and behaviors.

2025 Updates, Revisions, Enhancements, Adaptive Management

There have been no updates since the filing of the BCP.

D. Program Evaluation

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

Exhibit 6: Evaluation Plan describes an ongoing process for prioritizing measures and programs, as well as the four-year timetable to evaluate all conservation programs. A detailed table of evaluations planned for the upcoming biennium are included in the exhibit.

2025 Updates, Revisions, Enhancements, Adaptive Management

In 2025, PSE will be adding Flex EV to DR program evaluations. PSE will be considering the results of a product demonstration by DNV regarding rapid evaluation to determine whether the mid-season per-event energy savings evaluations are both sufficiently accurate and at a reasonable cost to fold into current operations.

Additionally, PSE will be considering how to implement automation for customers that opt out of DR programs and whether it is possible to enable customers to change from a time-of-use (TOU) program to a Flex DR program during the same billing period. This is expected to improve customer sentiment during the subsequent evaluation surveys.

Equity Focus

In 2025, PSE will implement program evaluation surveys in multiple languages where feasible. In addition to English, PSE will develop Spanish-, Vietnamese-, Mandarin-, Korean-, Hindi-, and

Russian-language surveys for certain program evaluations. Surveys will be transcribed by multi-lingual human services consistent with CEM's Equity Strategy.

E. Biennial Conservation Achievement Review (BCAR)

The Biennial Conservation Achievement Review (BCAR) is an independent review of PSE's electric and natural gas savings conducted by PSE in partnership with Commission Staff and reviewed by the CRAG. The BCAR examines electric savings baselines, methodology, and reporting accuracy. It also validates reported savings and assesses company actions in response to previous BCAR recommendations. An independent consultant conducts the BCAR, provides recommendations for PSE program management and data collection, and may suggest savings adjustments that PSE considers and reviews with the CRAG. The final BCAR report will be included as an appendix to PSE's 2024-2025 Biennial Conservation Report (BCR) to the Commission.

2025 Updates, Revisions, Enhancements, Adaptive Management

In January 2024, the UTC approved PSE's 2024-2025 biennial electric and natural gas conservation targets. As anticipated, the UTC's BCP Orders continue to require that PSE review electric and natural gas portfolio-level conservation savings. With CRAG and UTC consultation, PSE has extended its contract with the 2022-2023 BCAR vendor into the 2024-2025 biennium. In addition to the review required by the UTC, PSE has also requested a longitudinal review of past evaluations of the Home Energy Reports (HER) program to provide independent recommendations for improving HER program outcomes and identify trends in program savings, customer awareness, engagement, behavior, and participant satisfaction.

F. Technology Evaluation

Original 2024-2025 Biennial Conservation Plan Content (For Reference Only)

During the 2024-2025 planning process, no new energy-efficient technologies were proposed in the RFP/RFI process. Scanning occurs on an ongoing basis for new technologies and opportunities, and when new research or pilots are necessary, PSE proceeds with the necessary research to better understand the technology and/or market opportunity in consultation with the Conservation Resource Advisory Group (CRAG). During the 2024-2025 biennium, PSE plans to leverage consulting support to re-invigorate the emerging technology evaluation process so it can most effectively address and assess new opportunities with consistent protocols.

2025 Updates, Revisions, Enhancements, Adaptive Management

PSE is working to evaluate potential thermal energy network concepts in its service territory, an opportunity created by HB 2131 and signed into law in 2024. Thermal energy networks are touted to be the most efficient method to heat/cool the built environment, theoretically reducing energy and peak loads compared to business as usual. For PSE to understand the range of benefits provided by these systems in the Pacific Northwest, it needs to build out concepts and pilot the most promising. PSE aims to better understand the energy implications (electric and natural gas), the load shifting/shedding potential, and other possible grid inter-operability benefits from methods like thermal storage, in addition to understanding the costs to implement such systems for customer buildings/systems. Utility concepts are due to the UTC in June 2025.

X. Glossary of Terms

Calculated Savings	This savings type is different than deemed values (described below). This term indicates that there is a pre-approved, stipulated input savings value (or cost) per measure. This value (or cost) is then multiplied by site-specific input values to arrive at the overall savings value (or cost).
Channel	Within an Energy Efficiency Residential or Business sector, an organization that is established to focus on the value chain — consisting of manufacturer, distributor, dealer, contractor to the end-use customer — with the most similar market, delivery methods and ultimate purchasers or product users.
Conditions	Specific deliverables and stipulations with which the Company must adhere through the course of operating and managing energy efficiency programs. In addition to compliance requirements outlined in the Settlement Terms Sections A through J and L in Docket 100177, 2014-2015 conditions are listed in Appendix A of Order 01 in Docket UE-171087. Conditions are typically included in Commission Orders approving PSE's biennial conservation targets.
Custom Savings	This savings type applies to conservation projects where a PSE EME performs specific evaluation and review of a unique customer site to determine savings values — therms or kWh — that apply only for that site. For this type of measure, there is insufficient information, the occurrence is too infrequent or it cannot be specifically defined to justify development of a Calculated or Deemed protocol.
Deemed Measure	As in a measure's deemed savings value; a savings (or cost) value that applies to a unit of specific measure, regardless of where or how the measure is installed. Measures for which it is possible to deem per-unit energy savings, cost and load shape based on program evaluation data and engineering estimates. (For instance, one residential interior LED lamp may have a deemed value of 24 kilowatt-hours per year.) This classification applies to both RTF and PSE Deemed (noted on the following page). This term has been supplanted by UES, defined below.
Direct Benefit to Customer (DBtC)	Rebates, grants, credits or services that are of value to customers. Services can include, but aren't limited to, credits on a monthly bill, upstream incentive provided to channel partners or trade allies — either within the PSE service territory or regionally — and free energy efficient devices available by mail.
Direct-Install Measure	A conservation measure that is installed by a PSE representative — rather than a PSE customer — into a qualifying structure.
Distributional Equity Analysis	In the context of this Plan, this term refers to the annual report about energy benefits distributed among Named Communities and the customers with Deepest Need segment. The report includes a narrative and DEA tables that are filed in the ACR.

Glossary, continued

Distribution	For the purposes of Schedule 292, means electrical facilities within the State of Washington that the Company owns or operates to convey electricity from the point of generation or purchase to the point of use by a Customer. Distribution includes transmission and distribution lines related substations and transformers.
EIA	Energy Independence Act. A reference to the 2006 voter initiative, The Washington Clean Energy Initiative. The vote resulted in the creation of RCW 19.285 and WAC 480-109, which is now referred to as the Energy Independence Act. The EIA was also sometimes colloquially referred to as I-937.
I-937	An informal reference to the 2006 voter initiative, The Washington Clean Energy Initiative. The vote resulted in the creation of RCW 19.285 and WAC 480-109, which, by law, is now referred to as the Energy Independence Act (EIA).
Measure	A product, device, piece of equipment, system or building design or operational practice used to achieve greater energy efficiency or to promote fuel conversion and fuel switching. Unless specifically enumerated in a specific energy efficiency program, all measures, proposed by customers or otherwise, shall meet or exceed the efficiency standards set forth in the applicable energy codes, or, where none exists, standard industry practice as determined by the Company. Measures will meet common construction practices, and meet industry standards for quality and energy efficiency. ⁹ Measures should also meet cost-effectiveness standards.
Orders (see also Conditions)	Overarching instructions to an entity under the purview of the Washington Utilities and Transportation Commission (UTC or Commission). Orders may be made at the conclusion of a Docket proceeding or throughout the course of a Docket's existence. At the time of the publication of this ACP, PSE is operating under Order 01 of Docket UE-171087.
Program	Programs may consist of a single measure, an assortment of related measures or a suite of measures that are related strictly by delivery type or customer segment.
PSE Deemed	Relative to measure savings types (Custom, Calculated, PSE Deemed or RTF Deemed), these measures are supported by PSE engineering calculations or evaluation studies, in compliance with WAC 480-109-100(5).
RTF Deemed (see also UES)	A legacy term, only used in the Source of Savings database. Relative to PSE savings types (Custom, Calculated, PSE Deemed or RTF Deemed), supported by RTF analyses, in compliance with WAC 480-109-100(5).

⁹ Schedule 83, section 4, Definitions, #m. Schedule 183, section 4, #1.

Glossary, continued

Savings	<p>Savings (both natural gas and electric) are defined and reported as those recognized in the first year of a measure's total expected life. PSE reports the total savings for the year that the measure was implemented, regardless of when it is installed. Electric savings are counted at the customer meter, not the busbar. Natural gas savings are counted at the customer natural gas meter.</p> <p>It is important to note that all measures have an associated life, during which the noted annual savings accumulate. Each measure has a different life, as determined by rigorous evaluation. The average measure life per program can be found in the Energy Efficiency Cost-Effectiveness tables in Exhibit 2 of this report. As noted above, measures have associated savings beyond the first year; those savings continue to accrue to the benefit of PSE.</p>
System	<p>In this document, System may have the following meanings:</p> <p>Any software program — supported by PSE's IT department or otherwise — or physical apparatus used to record, track, compile, report, archive, audit energy savings claims or financial data.</p> <p>Electrical, and/or natural gas equipment that is either attached together or works in concert to provide space conditioning, plumbing functions or other end-uses associated with structures, such as HVAC systems, pumping systems, etc.</p>
Transcreation	<p>A term coined from the words "translation" and "creation", and a concept used in the field of translation studies to describe the process of adapting a message from one language to another, while maintaining its intent, style, tone, and context.</p>

Acronyms

ACP	Annual Conservation Plan
AELC	Advanced Exterior Lighting Controls
AESP	Association of Energy Service Professionals
AIA	American Institute of Architects
AMI	Advanced Metering Infrastructure or Area Median Income
aMW	Average MegaWatt. An expression of energy (versus power). It is used to express very large amounts of energy. The term represents an average of power (Megawatts [MW]) used over time (the standard term being one year or 8,760 hours). Thus, 1 aMW = 8,760 MWh.
ANSI	American National Standards Institute
ARC	Advanced Rooftop Controls
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers
BCAR	Biennial Conservation Achievement Review
BCP	Biennial Conservation Plan
BCR	Biennial Conservation Report
BEM	Business Energy Management
BESS	Battery Energy Storage Systems
BOMA	Building Owner and Managers Association
C/I	Commercial/Industrial. References programs in the Business Energy Management sector.
CBA	Clean Buildings Accelerator
CBO	Community-Based Organization
CBTU	Comprehensive Building Tune-Up
CEE	Consortium for Energy Efficiency
CEIP	Clean Energy Implementation Plan
Commerce	Department of Commerce
CPA	Conservation Potential Assessment
CRAG	Conservation Resource Advisory Group

Acronyms, continued

CSEM	Commercial Strategic Energy Management
CSI	Comprehensive Small Industrial
CSI NC	Comprehensive Small Industrial in Named Communities
CVR	Conservation Voltage Reduction
CX	Customer Experience
DER	Distributed Energy Resources
DOE	Department of Energy
DR	Demand Response
DSMc	Demand Side Management central
EA	Energy Advisor
EAG	Energy Advisory Group
EE	Energy Efficiency
EEC	Energy Efficient Communities
EES	Energy Efficiency Services; an acronym that is still associated with some tracking and reporting systems and databases, referencing Energy Efficiency's former name. (Eliminating this reference would cause severe disruption of queries and reports in some systems and filing structures.)
EME	Energy Management Engineer
EM&V	Evaluation, Measurement and Verification
EPS	Energy Performance Score
ESC	Energy Solutions Center
ESCO	Energy Service Companies
ESPM	ENERGY STAR Performance Manager®
EUI	Energy Usage Intensity
EV	Electric Vehicle
EVSE	Electric Vehicle Supply Equipment
FPL	Federal Poverty Level

Acronyms, continued

GED	General Education Development
GRC	General Rate Case
HDC	Housing Development Consortium
HER	Home Energy Reports
HIC	Highly Impacted Community
HFH	Habitat for Humanity
HPWH	Heat Pump Water Heater
HVAC	Heating, Ventilation and Air Conditioning
IRA	Inflation Reduction Act
IRA HEAR	Inflation Reduction Act Home and Appliance Rebate
IRP	Integrated Resource Plan
ISEM	Industrial Strategic Energy Management
ISO	Industrial Systems Optimization
ISOP+	Industrial Systems Optimization Program Plus
ISP	Integrated System Plan
kWh	Kilowatt Hour. 1,000 watt-hours = 1 kWh, which is equivalent to 10 100-watt incandescent lamps being turned on for one hour.
LED	Light Emitting Diode (typically, a lamp type)
LIHTC	Low-Income Housing Tax Credit
LIW	Low Income Weatherization
LLLC	Luminaire Level Lighting Controls
LTO	Limited-Time Offer
MBE	Minority Business Enterprise
MHNC	Manufactured Home New Construction
MWh	Megawatt-hour. 1,000 kWh = 1 MWh
NC	Named Community

Acronyms, continued

NEBs, NEIs	Non-Energy Benefit or Impacts, Quantifiable. Attributes having a direct cost-effectiveness correlation applicable to the Total Resource Cost test and Participant Cost Test. It is important to note that any reference to NEBs in any PSE document refers to those that are quantifiable. Any non-quantifiable benefits will be specifically noted.
NEEA	Northwest Energy Efficiency Alliance
NEEC	Northwest Energy Efficiency Council
NGAC	NEEA Natural Gas Advisory Committee
NWA	Non-Wired Alternatives
O&M	Operations & Maintenance
P2 Plan	Public Participation Plan
P4P	Pay for Performance
RCW	Revised Code of Washington.
REM	Residential Energy Management
RFI	Request for Information
RFP	Request for Proposals
RTF	Regional Technical Forum, an advisory committee and a part of the Northwest Power and Conservation Council. The RTF develops standardized protocols for verifying and evaluating conservation.
SBDI	Small Business Direct Install (program within the BEM Sector, Commercial Rebates).
SEM	Strategic Energy Management
SFNC	Single Family New Construction
SMB	Small-to-Medium Business
SnoPUD	Snohomish County Public Utility District
SSO	Single Sign-On
T&D	Transmission and Distribution
TAN	Trade Ally Network
TEP	Telecommunications Efficiency Program
TDSM	Targeted Demand Side Management

Acronyms, continued

TOU	Time of Use
TRC	Total Resource Cost: The cost to the customer and/or other party costs to install or have installed approved Measures plus Utility Costs and minus Quantifiable Benefits (or Costs). ¹⁰
UC	Utility Cost: The Company's costs of administering programs included, but not limited to, costs associated with incentives, audits, analysis, technical review and funding specific to the Measure or program and evaluation. ¹¹
UES	Unit Energy Savings. Formerly Deemed, the RTF updated the term in 2011.
VP	Vulnerable Population
WAC	Washington Administrative Code
WBE	Women Business Enterprise
WSEC	Washington State Energy Code
WUTC, or UTC	Washington Utilities and Transportation Commission

¹⁰ Schedule 83, section 4, Definitions, #z. Schedule 183, section 4, #x.

¹¹ Schedule 83, section 4, Definitions, #bb. Schedule 183, section 4, #z.

Conclusion

This concludes the 2025 ACP. PSE acknowledges its partnership with the CRAG and is very appreciative of the collaboration that made this document possible.

Additionally, PSE appreciates the input and cooperation of its regional partners, other PSE divisions, and its constituents. Entering the second half of this biennium, PSE will continue to keep its interested parties apprised of progress, program refinements, measure updates, and any other adjustments as needed. PSE also plans to continuously anticipate and proactively respond to regional conditions as it works toward the achievement of its 2024-2025 biennial savings targets.

Finally, PSE extends its thanks to its customers. It sincerely appreciates the trust that they put into the CEM group, and PSE recognizes that it acts as a steward of their valuable energy resources. CEM staff has made its mission to diligently and thoughtfully use customer funding to not only provide much-needed services but to continuously improve upon and refine existing offerings. Additionally, PSE consistently strives to provide the highest level of customer service in the Pacific Northwest.

PSE staff looks forward to a productive and collaborative 2025.

Respectfully submitted,



Puget Sound Energy
Customer Energy Management