



Energy Efficiency



Exhibit 3

2014-2015
Program Details



**PUGET
SOUND
ENERGY**

All cover photo subjects used with permission.

Table of Contents

INTRODUCTION	1
ASSOCIATED DOCUMENTS	1
PROGRAM DETAILS	2
<i>Program Detail Revisions.....</i>	2
<i>Program Details Organization</i>	2
<i>Document Contents.....</i>	3
RESIDENTIAL ENERGY MANAGEMENT.....	5
SECTOR ORGANIZATION	5
LOW INCOME WEATHERIZATION	6
<i>Purpose.....</i>	6
<i>Description</i>	6
<i>Effective Program Awareness and Outreach.....</i>	7
<i>Target Market.....</i>	8
<i>Customer Incentives Overview</i>	8
<i>Marketing Plan</i>	9
<i>Outreach Plan.....</i>	10
SINGLE FAMILY EXISTING	11
<i>Purpose.....</i>	11
<i>Description</i>	11
<i>Customer Experience.....</i>	12
<i>Retail Channel</i>	13
<i>Marketing Plan.....</i>	15
<i>Outreach Plan.....</i>	18
<i>Dealer Channel</i>	20
<i>Target Market.....</i>	20
<i>Customer Incentives.....</i>	21
<i>Marketing Plan</i>	21
<i>Outreach Plan.....</i>	23
SINGLE FAMILY FUEL CONVERSION	25
<i>Purpose.....</i>	25
<i>Description</i>	25
<i>Customer Experience.....</i>	26
<i>Target Market.....</i>	26
<i>Customer Incentives.....</i>	26
<i>Marketing Plan</i>	27
MULTIFAMILY EXISTING.....	28
<i>Purpose.....</i>	28
<i>Description</i>	28
<i>Customer Experience.....</i>	28
<i>Target Market.....</i>	29
<i>Customer Incentives Overview</i>	29
<i>Marketing Plan</i>	29
<i>Outreach Plan.....</i>	31

RESIDENTIAL NEW CONSTRUCTION	33
<i>Purpose</i>	33
<i>Description</i>	34
<i>Target Market</i>	35
<i>Customer Incentives</i>	35
<i>Marketing Plan</i>	36
<i>Outreach Plan</i>	38
PILOTS	39
<i>Residential Individual Energy Report Pilot</i>	39
<i>Pilot Assumptions</i>	39
BUSINESS ENERGY MANAGEMENT.....	41
PILOTS	42
<i>Small to Midsize Business Efficiency Pilot</i>	42
COMMERCIAL/INDUSTRIAL RETROFIT.....	44
<i>Purpose</i>	44
<i>Description</i>	44
<i>Target Market</i>	45
<i>Customer Incentives Overview</i>	45
<i>Marketing Plan</i>	47
<i>Outreach Plan</i>	49
COMMERCIAL/INDUSTRIAL NEW CONSTRUCTION.....	50
<i>Purpose</i>	50
<i>Description</i>	50
<i>Target Market</i>	51
<i>Customer Incentives Overview</i>	51
<i>Marketing Plan</i>	54
<i>Outreach Plan</i>	55
RESOURCE CONSERVATION MANAGEMENT	56
<i>Purpose</i>	56
<i>Description</i>	56
<i>Customer Incentives</i>	60
<i>Marketing Plan</i>	60
<i>Outreach Plan</i>	62
LARGE POWER USER/SELF DIRECTED.....	63
<i>Purpose</i>	63
<i>Description</i>	63
<i>Target Market</i>	64
<i>Customer Incentives Overview</i>	64
<i>Marketing Plan</i>	65
ENERGY EFFICIENT TECHNOLOGY EVALUATION	66
<i>Technology Evaluation Overview</i>	66
<i>Remote Energy Audit Software Evaluation</i>	67
COMMERCIAL REBATES	68
<i>Purpose</i>	68
<i>Target Market</i>	69
<i>Customer Incentives Overview</i>	69
<i>Marketing Plan</i>	70
<i>Commercial Kitchens</i>	70
<i>Commercial Lighting</i>	70
<i>Small Business Outreach – Direct Installations</i>	71
<i>Outreach Plan</i>	72

REGIONAL PROGRAMS	73
NORTHWEST ENERGY EFFICIENCY ALLIANCE	74
Description	74
GENERATION, TRANSMISSION AND DISTRIBUTION EFFICIENCY	75
Purpose	75
Description	75
PORTFOLIO SUPPORT	77
CUSTOMER ENGAGEMENT AND EDUCATION	78
CUSTOMER ENGAGEMENT AND EDUCATION	78
Purpose	78
Energy Advisors	78
Events	79
Energy Efficiency Brochures	79
Education	80
CUSTOMER ONLINE EXPERIENCE	82
Purpose	82
Description	82
Web Experience	82
Marketing Integration	83
AUTOMATED BENCHMARKING SYSTEM	84
ENERGY EFFICIENT COMMUNITIES	85
Purpose	85
Description	85
Target Markets	85
TRADE ALLY SUPPORT	86
Purpose	86
Description	86
Target Market	86
RESEARCH & COMPLIANCE	87
CONSERVATION SUPPLY CURVES	88
STRATEGIC PLANNING	88
Objectives	88
Description	88
MARKET RESEARCH	89
Objectives	89
Description	89
PROGRAM EVALUATION	91
Description	91
VERIFICATION TEAM	93
Description	93
Measurement & Verification (M&V)	93
Verification Team Guidelines	94
PROGRAM DEVELOPMENT	95
Description	95

OTHER ELECTRIC PROGRAMS.....	97
NET METERING	98
<i>Purpose</i>	98
<i>Description</i>	98
<i>Target Market</i>	98
<i>Customer Incentives</i>	98
PRODUCTION METERING	99
<i>Purpose</i>	99
<i>Description</i>	99
<i>Target Market</i>	99
<i>Customer Incentives</i>	99
<i>Marketing Plan</i>	99
COMMERCIAL/INDUSTRIAL LOAD CONTROL.....	100
<i>Background</i>	100
<i>Next Steps</i>	100
GLOSSARY OF COMMONLY USED ACRONYMS AND TERMS	101

INTRODUCTION

Exhibit 3: Program Details provides discussion about PSE’s Energy Efficiency department conservation programs, functions and activities, including those that do not have an associated Conservation Schedule. Exhibit 3 is associated with PSE’s Annual And Biennial Conservation Plans. The contents of Exhibit 3 are developed to be consistent with the applicable 2012 Order 01 conditions provided in Docket No. UE-111881, and sections A through J and L of the 2010 Electric Settlement Agreement in Docket number UE-100177, including but not limited to:

- (3)(a)(vi)(1) Discussion of efficiency marketing efforts,
- (3)(a)(vi)(2) Discussion of Incentives,
- (5) Program Details filings,
- (7) Discussion of Program Design Principles,
- (8)(f) Filing of the 2014-2015 Biennial Conservation Plan.

The Exhibit 3 program details also include gas programs discussions.

Associated Documents

As a part of its 2014-2015 Biennial Conservation Plan (BCP) filing, PSE includes several documents associated with Exhibit 3. It is noteworthy that Exhibit 3 may be updated and filed, consistent with condition (5) when there are major program updates. Additional documents included with the BCP are:

PSE’s 2014-2015 Ten-year achievable conservation potential and biennial conservation targets	Exhibit i
Budget and savings (both gas and electric) order number details	Exhibit 1
Cost Effectiveness Calculation Tables	Exhibit 2
List of Measures, Incentives and Eligibility	Exhibit 4
Prescriptive Residential and Business Rebates Measure Tables	Exhibit 5
Evaluation Plan	Exhibit 6

Marketing Plan	Exhibit 7
EM&V Framework	Exhibit 8
Condition Compliance Checklist	Exhibit 9
Northwest Energy Efficiency Alliance (NEEA) Plan	Exhibit 10

Program Details

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

Program Detail Revisions

As has been its standard business management practice, consistent with continuous improvement principles, PSE makes adjustments to its conservation offerings, delivery methods, marketing, incentives, and other elements of its programs on a periodic basis. This ensures that PSE stays current with customer demand, market trends, and is positioned to achieve aggressive conservation savings targets. Consistent with condition (8)(f), the Conservation Resource Advisory Group (CRAG) were presented with draft copies of Exhibit 3: Energy Efficiency Program Details prior to the filing of the final draft with the Washington Utilities and Transportation Commission (UTC) on November 1, 2014.

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

Program Details Organization

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

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

Document Contents

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

- Purpose,
- Description,
- Customer Experience,
- Target Market,
- Customer Incentives,
- Marketing Plan,
- Outreach Plan.

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

With the exception of this sentence, this page intentionally left blank.

RESIDENTIAL ENERGY MANAGEMENT

Sector Organization

The Residential Energy Management Sector is comprised of four Channels; three of which implement energy-efficiency customer programs. These Channels are discussed in detail in the following sections. They are:

Retail: The Retail Channel implements energy-efficiency programs that primarily target consumers through a variety of venues, including retailers, directly, or electronically. Retail measures include, but are not limited to appliances, lighting; lamps and fixtures, showerheads, and Home Energy Reports.

Dealer: This Channel interfaces primarily with contractors, resellers and retailers. The Channel's measures include, but are not limited to space and water heat, HomePrint™, and weatherization measures.

Residential Business-to-Business: Also referred to as "RB2B", this Channel's target market is the most wide-ranging in the REM Sector. The Channel is comprised of Low Income Weatherization, Multifamily Existing, and Residential New Construction.³

The fourth Channel; Systems, provides support for the variety of Energy Efficiency's reporting and tracking systems, including the LIW Agency database portal, Customer Management System, forecasting systems, and all Residential rebate application processing.

³ Until December 31, 2013, the Single Family New Construction and Multifamily New Construction programs were distinct programs, each with their own Conservation Schedule. Effective January 2014, the focus of the organization will be on all residential new construction.

Low Income Weatherization

Schedules E201, G201

The Low Income Weatherization program is included in the Residential Business-to-Business Channel. This is primarily because the majority of customer-facing contact for this organization is through low-income agencies throughout the PSE territory. The program discussion is presented here to maintain the numerical sequence of the Conservation Schedules, as also presented in *Exhibit 1: 2014-2015 Budgets and Savings*. The remainder of the Residential Business-to-Business programs (Multifamily Existing and Residential New Construction) are discussed following the Residential Fuel Conversion (Schedule E216) program on page 29.

Purpose

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

In 2014-15, the goal of Puget Sound Energy's Low-Income Weatherization Program will be to continue to lessen the energy-cost burden of lower-income customers by improving the energy –efficiency of their residences and educating these consumers on routine ways to reduce their energy use and costs.

Program efforts will build on the existing model and extend the partnerships with assistance agencies as well as leverage other PSE programs for lower-income customers to include safety awareness and bill-payment assistance.

Description

Key stakeholders are low-income customers with electric and natural gas service; county and municipal low-income weatherization agencies in the PSE service area, Washington State Department of Commerce ("Department of Commerce" or "Commerce"), and participating weatherization contractors and suppliers. Residential Low Income Weatherization provides funding of many cost-effective home weatherization Measures for low-income customers receiving natural gas and/or electric service from PSE to heat their homes. Funds are used for single-family, multi-family and mobile home residences. Some Measures which do not meet standard cost-effectiveness tests may also be approved.

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

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

Sources of Low Income Weatherization funding include, but are not limited to the Electric Program Conservation Service Rider and the Natural Gas Conservation Service Rider, Company funds, BPA credits or other federal or state government programs.

For those funds that must meet a cost-effectiveness standard, up to 30 percent **may** be applied to energy-related repairs that are necessary to effect the installation of other cost-effective Measures. The final percentage allocated will be determined **according to** the overall program cost-effectiveness.

Effective Program Awareness and Outreach

Through informal evaluations and feedback, PSE has discovered that awareness of the Low-Income Weatherization Program and its benefits vary widely, reflecting the range of customers—urban or rural—and specific barriers, such as language.

Since one size does not fit all, PSE during the 2014-15 program plans to strengthen outreach by using customer segmentation analysis to become more familiar with the demographic variables affecting the decision making to adopt home weatherization, and adjust the outreach accordingly.

With PSE also needing to grow more effective at making lower-income and non-English speaking consumers aware of electric and natural gas safety and the availability of funds to assist them with paying their utility bills, the Low-Income Weatherization Program will help facilitate coordination efforts and information sharing to provide a comprehensive outreach approach.

Target Market

Low-income customers including owners and tenants of single family, multi-family, manufactured or mobile homes that meet federal poverty guidelines issued by The Washington State Department of Commerce and natural gas and/or electricity from PSE.

Low Income agencies are contracted with PSE to perform customer income eligibility, manage the installation, and track and report projects to PSE.

Customer Incentives Overview

All Structures

Funding for Measures and customer eligibility are outlined in PSE's conservation Tariffs. Funding is disbursed to local agencies. Payments are based on incentives for Measures installed. Local agencies are permitted fixed percentages for administrative costs under the existing tariff.

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

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

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

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within the PSE service territory, fuel type (gas or electric), product type and product quantity. A detailed list of Energy Efficiency Services' Measures, Incentives and Eligibility are included in this Biennial Conservation Plan as Exhibit 4.

Retrofit-- Multi-Family

Prescriptive incentives will be applied to Measures installed within units of multi-family residences. In addition to this, calculated commercial Measures are made available for common area Measures. All calculated incentives will be evaluated using currently accepted PSE commercial engineering calculations. Agencies will determine the multi-family common area project and send a proposal to PSE for review. Incentives will be approved by PSE and funding provided directly to agencies.

Marketing Plan

The Low Income Weatherization program is a highly prescribed program that relies on its partner housing agencies to deliver its offering to eligible low-income homeowner participants.

The primary marketing objective is to elevate program awareness to participating customers and end-user opportunity among key housing agencies' administrators.

PSE will continue to build on and extend the partnership with assistance agencies. Where appropriate, PSE will seek public forums to be a visible advocate on behalf of lower-income energy customers.

PSE provides a weatherization program brochure, which explains the program and basic eligibility requirements, and lists the agency contact phone numbers. This brochure is normally available to customers during public events in which PSE participates. The brochure is distributed to local agencies serving the low-income population. Any additional promotions will be done in close coordination with local agencies.

Partner Marketing with Housing Agencies

The key strategy will be to continue to encourage Housing Agency Administrators to move applications swiftly and smoothly through the approval process, and to identify LIW opportunities to eligible candidates. This will require a communications program that delivers the current information to them about LIW features and benefits as well as technical program provisions. There will also be effort to passively deliver collateral through this channel on other single family residential offerings and energy efficiency tips that could be helpful to candidates on the waiting list.

This effort must also allow for peer recognition and results accomplishment to motivate administrators to push program opportunity whenever suitable.

- Biannual newsletter,
- Annual forum,
- Updated LIW brochure (multiple languages),
- Leave behind collateral,
- Enhanced presence and content on Web,
- Increased collaboration among other low-income programs and services,
- Continuous review and effectiveness assessment.

Outreach Plan

The Energy Efficient Communities team develops and implements outreach strategies to promote PSE's residential and commercial energy efficiency programs and services.

The outreach strategy for the Low Income Weatherization will work with customers and with business partners. The Outreach Team will provide customers with information about applicable products and services that PSE provides, and help deliver information to property managers/owners and contractors. This will be done through a variety of outreach mechanisms, including multi-family complex open houses, Low Income customer EE program awareness campaigns, community events, presentations, and internal PSE employee trainings. The Energy Efficient Communities Team will work with the program team lead and marketing to identify ways to reach Multifamily partners in conjunction with other mass marketing strategies developed for Retail and Dealer channels. Low Income Customer EE program awareness campaigns will include, but will not be limited to:

- Leave behinds for weatherization customers.
- Direct mail "thank you" with additional resources information for customers receiving services.
- Recognition program for service agencies staff.

Single Family Existing

Schedules E214, G214

Purpose

The Single Family Existing program acquires cost-effective energy savings from existing single-family (less than or equal to four units on a parcel) retrofit Measures and services.

Description

Single Family Existing programs implement cost effective, targeted, residential energy savings using a menu of prescriptive and calculated efficiency Measure incentives, including rebates for single family existing structures. Existing single family structures are defined as residential dwellings which include; structures with four or less units that are attached by a contiguous roofline, manufactured or factory built homes permanently affixed to a concrete foundation, and manufactured or factory built homes that are transportable. Single family existing residences exclude structures that are currently under construction. Prescriptive rebates are intended to facilitate participation by customers, contractors, manufacturers, retailers, developers, trade allies, and provide administrative efficiencies for PSE in meeting energy efficiency goals. **Note:** Multifamily campuses which have a mixture of existing residential building types, including buildings with four attached residential units or less, are served under the Multi-Family Retrofit Program; schedules E217 & G217.

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

- Compact Fluorescent Lighting including CFL lamps and CFL fixtures.
- Light-Emitting Diode (LED) lighting including A-line, BR-30, downlight, MR-16, and candelabra.
- Lighting Controls and Consumer Electronics, including but not limited to occupancy sensors and advanced power strips.
- Appliances—including refrigerators, freezers and clothes washers—rebates.
- Retail, online, and engagement showerheads.
- Refrigerator and Freezer Decommissioning – both secondary and primary units.
- Refrigerator and Clothes Washer Replacement – focus on older inefficient models to encourage early retirement.

- Weatherization, including windows, insulation air and duct sealing.
- Space heating including hydronic systems, high efficiency furnaces, high efficiency boilers, high efficiency fireplaces, heat pumps, and system controls, such as web-enabled thermostats.
- Water heating, including tank water heaters, heat pump water heaters, waste-water heat recovery, and efficient showerheads.

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

Customer Experience

Single Family Existing programs are built around the goal of providing an excellent customer experience by removing barriers to participation, serving under-represented populations within PSE service territory and ensuring clear and accurate communication. Single Family Existing programs work toward re-engineering the value chain by providing the customer with choices that will assist them in managing their energy costs and easy access to the information that they will need to be successful in using less energy.

Retail Channel

As noted in the Residential Energy Management introduction on page 5, the Retail channel focuses on services targeted to a wide variety of retail and manufacturer entities, including but not limited to “big box” chains, drugstore/grocery chains, warehouse stores, online retailers, and other local and independent resellers. The channel manages several programs—most of which are consumer-oriented—including refrigerator decommissioning, showerheads, appliances, electronics, and of course, energy efficient lighting. The Retail Channel operates primarily within the structure of Schedule 214; Single Family Existing.

Residential Retail Program

This program collaborates with retailers and manufacturers of energy efficient products – such as lamps, light fixtures, lighting controls, showerheads, electronics, and appliances such as, but not limited to, water heaters, primary heating equipment, clothes washers, refrigerators and freezers – to ensure that customers have access to a wide variety of efficient product options. The Retail Program provides incentives and promotions for efficient products to PSE’s residential customers through agreements with retailers and manufacturers

When advantageous to do so, PSE may purchase energy-efficiency products directly from manufacturers to provide to retailers for resale. PSE also provides field services to educate retail employees on its products, detail qualifying product, and ensure compliance with PSE agreements.

Refrigerator & Freezer Decommissioning

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

Refrigerator Replacement – older inefficient models

This program encourages customers to replace their old, inefficient primary refrigerator with a basic, efficient model while allowing PSE to remove, decommission and recycle their former unit. This program will be open to all customers as market research has shown that less than 10 percent of customers still use an older refrigerator as their primary unit.

These customers tend to be limited to rural, low-income and ethnic populations due to these segments' likelihood to a) not replace their refrigerator until it breaks, and b) replace their unit with a least-cost option (oftentimes a used, older unit). PSE will pay for the cost of the new unit, as well as delivery and installation, and for the decommissioning and recycling of the old unit.

Clothes Washer Replacement – older inefficient models

Similar to the refrigerator replacement, this program encourages customers to replace their old, inefficient clothes washer with a basic, efficient model while allowing PSE to remove, decommission and recycle their former unit. PSE will pay for the cost of the new unit, as well as delivery and installation, and for the decommissioning and recycling of the old unit.

Home Energy Reports

Home Energy Reports are customized reports mailed directly to PSE customers that help each residential customer better understand their home electric and gas consumption, motivate them to conserve and provide targeted calls to action tailored to help each customer save money and improve energy efficiency. This continues communication to its customers in new ways, providing them with an energy conversation with PSE.

The reports achieve this through these core features:

- Comparison to neighbors: Homeowners will be able to see how their energy use compares to similar-sized homes in their neighborhood. Only the homeowner will see personal information. Comparisons are drawn from geographic and structural characteristics, including square-footage, heat-type, and proximity to compared homes.
- Progress tracker: Homeowners will also see how their energy use changes over time, so they can see trends in energy use and impacts from changed behavior or structural improvements.

- Personalized energy-efficiency tips: On each report, Homeowners receive tips chosen specifically for them based on energy use and the characteristics of the home. The tips are characterized as no cost, low cost and investment level changes in home habits and upgrades.

The initial pilot, launched in the third quarter of 2008, included 40,000 combined gas and electric single family households. In 2014, the Home Energy Reports program will be expanded to an additional 100,000 households.

Web-Enabled Thermostat

A web-enabled thermostat management solution to optimize customers' space heating system by combining the latest thermostat technology with behavioral tools that customers have come to easily interact with in other social applications in their life. The result will be a fully installed pre-programmed system that will engage customers with a user interface that is easier to understand and control, helping reduce their energy usage while maintaining their comfort.

Advanced Power Strips

An Infrared (IR) sensing advanced power strip is installed with a home entertainment system. This device disconnects power to all devices after a set period with no IR signal.

Marketing Plan

The objectives for the Retail Channel's 2014-15 marketing strategy are to help achieve respective program targets, educate customers about energy efficient products and offers, and find new ways to reach customers who may not have participated in PSE's programs before.

With legislative activity around the lighting industry, it will be more important than ever to have clear messaging about which products PSE recommends (and rebates) for customers and how they differentiate.

As CFL bulb use continues towards a saturation point, PSE will also need to get creative about its lighting promotions, such as targeting low income and hard to reach populations and including LED messaging to consumers.

Customer clarity and convenience will be a major theme for this channel in 2014-15 as PSE looks to remove barriers to participation. This will focus on delivering effective customer value through utilizing market research intelligence.

It will focus on thoroughly testing tactics, assessing successes, refining as needed, and testing again based upon results. This will require investing in consumer psychology and behaviors that includes working with experts in the field, both internally and externally. PSE has to know that what it is doing is working and is truly delivering impactful customer value.

By fully utilizing its market research capabilities, PSE will analyze research data and gather customer opinions on buying habits that will help refine its outreach methods. Another integral tactic will be multi-channel or cross marketing with the dealer channel initiatives that target a similar audience.

PSE's retail network also provides supplemental avenues for messaging customers with the product directly in front of them and in the prime store locations where they are most likely to see it. It also provides real-time ways for them to interact with products within the retail store and for customers to read about them online including prior customer product reviews. By collaborating closely with retail partners, PSE can reach customers when they are in the most likely position to make a purchasing decision and influence them to choose energy efficient products. Several new media tactics will be entertained as they are applicable to program objectives.

2014-2015 Strategies:

Lighting

- Continue collaboration with peer Puget Sound utility roundtable group to develop consistent messaging region-wide.
- Simplify the in-store buying process with informative point-of-sale materials, which may include PSE messaging on the product packaging itself.
- Increase awareness of the variety of quality products on the market. Provide pathway for customers to read product reviews.
- Engage PSE's customers with CFL and LED bulbs as an education entry into the most energy-efficient lighting on the market.

- Continue to educate customers both directly and through the retail sales associates engaging them within the stores on the best energy-efficiency lighting products on the market
- Store merchandising to make prime store real estate an energy-efficiency destination that would encourage the Interaction with products and encouragement of impulse purchases.
- In collaboration with retailers and manufacturers, provide limited-time-offers to leverage rebate and product pricing structure that would be more likely to get customers to buy.

Appliances

- Increase awareness of rebate offerings, so that when it comes time to make the critical purchase, customers know all the options available.
- Marketing activities that center around PSE rebates on the most-efficient appliances on the market, which may include limited-time-offers.
- Continue to encourage customers to recycle old, inefficient appliances.
- Make the connection for customers that their electric utility provides appliance recycling, which is not a logical conclusion for most people.

Showerheads

- Communicate variety of purchasing options to customers and streamline the process with clear point-of-sale materials and improved online functionality.
- Engagement of PSE's customers with a quality high-efficiency showerhead. This outreach occurs at engagement events throughout its electric and electric-natural gas combined service territory. Unlike the direct-mail delivery, this delivery gives PSE a personal touch where it is able to answer customer questions and engage in other energy-efficiency messages.
- Partner with retailers and manufacturers to provide the best customer value such as, but not limited to; limited-time-offers and merchandising activities.

Incremental marketing strategies:

- Get customers to the retail stores and once there engage them to buy energy-efficiency products that meet PSE's programs.
- While shopping, provide customers with a positive interaction with energy-efficiency, even if only for a moment.
- Promote comfort and convenience across all offerings.
- Integrate low income program components wherever possible.

Outreach Plan

The Energy Efficient Communities team (EEC) develops and implements outreach strategies to promote PSE's residential and commercial energy efficiency programs and services.

The Retail Channel's 2014-2015 focus is on "quality over quantity of programs and measures." The channel intends to focus on delivering effective customer value through utilizing market research intelligence, measured testing, assessment, refinement, and testing once more based on results. This approach ensures that retail strategy and company strategy are aligned, particularly with respect to PSE's established process of providing customer outreach to locations of opportunity within PSE's service territory.

The outreach strategy for the Retail Channel mirrors this shifting alignment. In order to match the Retail Channel's need to assess and refine program initiatives, the Energy Efficient Communities team will prioritize outreach tactics which will get program information and energy efficient products directly into customer hands. This will be done using strategies such as community blitzes, contests, open houses, community events, promotion of limited time offers (LTOs), community presentations, door to door engagement, and internal PSE employee training.

- Because the Energy Efficient Communities team has line of sight to the needs of other channels and departments, the team will work with marketing to ensure that outreach strategies and mass marketing strategies complement each other to maximize visibility and customer engagement. Additionally, the EEC team will work to leverage partnerships with other PSE departments to present a more coordinated effort to its customers.

Overall Retail Channel outreach strategies:

- Promote appliance, showerhead, and lighting rebates and limited time offers at applicable community events.
- Working with Retail to ensure in-store promotional events are fully staffed.
- Select communities to deliver home energy reports and web-enabled thermostats in consideration of heat map information.
- Host community informational events for customers selected to participate in the web-enabled thermostat program.
- Direct to customer/door to door outreach promoting. Retail programs, as well as engagement with community partners who can help spread the word through their communication channels.

Dealer Channel

As summarized in the Residential Energy Management introduction on page 5, the Dealer Channel's target market constituency consists primarily of resellers and contractors that sell, install, and service HVAC systems, water heating systems, windows and insulation, as standalone measures, or through comprehensive Home Performance activities that may include home energy assessments, audits and all-inclusive home retrofit services. The Dealer Channel operates primarily within the structure of Schedule 214; Single Family Existing. Programs within this channel are delivered to customers mostly through contractors.

HomePrint™

HomePrint™ Assessments provide customers with a FREE in-home service performed by a PSE qualified independent HomePrint™ Specialist. The program is intended to increase the awareness of customers regarding their home's energy consumption and identify cost-effective ways to use less energy. Additionally, customers benefit from instant energy savings from the direct installation or distribution of leave-behind high-efficiency products to include, but not limited to, light bulbs and showerheads.

Weatherization

The weatherization program oversees the "shell" of residential structures; installation of windows, insulation, air and duct sealing. There are a wide variety of duct sealing offerings, some directed specifically to mobile homes, while other focus on site-built residences.

Space and Water Heating

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

Target Market

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

Customer Incentives

Eligibility criteria are based on established cost effective tests. The incentives are effective January 1, 2014. A list of all requirements for incentive eligibility and participation can be found on individual incentive or program application forms. PSE's Energy Efficiency Services maintains a comprehensive list of approved conservation Measures in its List of Measures, Incentives, and Eligibility. The Company reserves the right to adjust incentives based on market variables.

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

- Weatherization
- Space Heating
- Showerheads
- Water Heating
- Appliances
- Refrigerator decommissioning
- Lighting and Electronics
- HomePrint™ Assessment
- Home Energy Reports

Marketing Plan

Dealer Channel

As PSE positions itself for 2014-2015, it will renew its focus on the customer as part of the marketing strategy.

PSE will examine market potential through three separate lenses:

- Telescope: with this view, PSE will be looking at the broad trends of the market within its service area to better anticipate customers' needs related to energy efficiency.
- Binoculars: this view will allow increased focus on the backdrop of market activity, identifying how PSES customers are interacting, where they're obtaining information and through which preferred channels. This will allow for a more integrated view of the customer decision journey, which will improve marketing cost-effectiveness and program transactions.

- **Microscope:** this close-up view will provide more personalization with the customer and provide the ability to humanize the value proposition. Ultimately, PSE's interaction with customers will be; immediate ("now"), valuable ("I can"), relevant ("for me"), and easy ("that's simple").

With the use of data analytics and the propensity modeling pilot PSE implemented in 2013, it will continue to strive for a more targeted campaign delivery. PSE will also be utilizing other technology from vendors to achieve the different perspectives (as noted above) to help achieve target goals and enhance the customer experience.

PSE will continue to collaborate with the retailer/direct-to-consumer channel in developing strategic, integrated customer merchandising plans. PSE's Contractor Alliance Network is also a crucial conduit to its customer and it intends to further enhance that interface component with complimentary incentive programs and limited-time offers.

PSE will be marketing Dealer Channel programs through a mix of both traditional and digital media. From a cost-effective standpoint, bill inserts and PSE.com home page banner ads will continue to be used, along with on-hold messaging. Social media still plays a viable part of building program awareness, through Facebook® and Twitter. As PSE tests/measures all paid media it will be utilizing to drive transactions and awareness for the Dealer Channel's incentive programs, it will be able to determine which specific deliverables will be most effective. These include; radio, TV, online, streaming services, transit, outdoor and sports marketing.

Here are some of the top marketing strategies, by program, PSE has identified for 2014:

HomePrint™ Assessment

- Continue to utilize a more targeted/customized follow-up mechanism with HomePrint™ Assessment recipients to increase action level of recommended efficiency retrofits.
- Drive cross-channel opportunities within its contractor network to supplement the program delivery.
- Drive participation from PSE's gas customers as PSE develops this new market opportunity.

Space Heating

- Continue to collaborate with manufacturers and retailers on targeted campaigns.
- Enhance customer awareness, through new media channels, on existing incentive programs such as high efficiency fireplaces for electric customers.

Water Heating

- Continue to collaborate with manufacturers and retailers on targeted campaigns.
- Create deliverables on promoting integrated space and water heating systems.
- Enhance customer awareness, through new media channels, on existing incentive programs.

Weatherization

- Continue to build awareness/drive transactions on whole-house air sealing and PTCS duct sealing measures.
- Create enhanced marketing initiatives for windows using limited-time offers, and to reengage PSE's gas customers as it develops this new market opportunity.

Incremental marketing strategies:

- Facilitate the design and production of new program collateral as necessary.
- Continue to promote "Limited-Time-Offer" and "Matching Rebate" campaigns on various program measures.
- Drive customers to the CAN self-referral web page for all incentive programs.
- Integrate financing option messaging whenever appropriate.
- Continually strive to enhance the customer experience.

Outreach Plan

- The Energy Efficient Communities team develops and implements outreach strategies to promote PSE's residential and commercial energy efficiency programs and services.
- The outreach strategy for the Dealer Channel focuses on getting program information directly into customer and contractor hands. This will be done through a variety of outreach mechanisms, including community blitzes, contractor open houses and trainings, community events, limited time offer promotion, presentations, door-to-door engagement, and internal PSE employee training. The Energy Efficient Communities Team will work with Marketing to ensure that mass marketing strategies and outreach strategies complement each other to for desired visibility and customer engagement.

- Another mechanism with which the team will conduct outreach is through partnerships with other PSE departments. For example, leveraging service improvement/extension projects, like new natural gas main installations, to promote fuel conversion rebates. By maximizing opportunities such as these, the customer is able to obtain natural gas service at a lower cost, while receiving sizable rebates. In addition, PSE is able to claim the electric savings, reduce community impacts for road restoration, and illustrate a more coordinated approach to serving the customer's needs for reliability, energy efficiency, and fuel choices.
- All of these outreach strategies will be implemented recognizing the strict need for ensuring equity/fairness to customers and contractors alike throughout PSE's entire service territory.
- Overall Dealer Channel outreach strategies:
 - Plan and execute local, community level events to promote HomePrint™,
 - Host local open houses to enroll additional contractors into the Contractor Alliance Network,
 - Select communities to deliver limited time offers in partnership with local contractors in the Contractor Alliance Network,
 - Deliver residential energy efficiency presentations to various community audiences,
 - Host employee brownbag sessions to build employee awareness of energy efficiency programs and services,
 - Identify and recognize contractors for their contributions at the local level,
 - Promote natural gas conversion rebates in areas where new gas main is being installed,
 - Host contractor trainings, networking events and informal "check ins" at local offices.

Single Family Fuel Conversion

Schedule E216

The Single Family Fuel Conservation program is included in the Dealer Channel suite of offerings, although it is listed in Conservation Schedule 216.

Purpose

Residential Energy Management's Fuel Conversion program acquires cost-effective electric energy savings from existing single-family (less than or equal to four units on a parcel) retrofit Measures and services by converting to natural gas customers who use electricity as the primary source for their space heat and/or water heat uses.

Description

The Company provides incentives for replacing existing electric forced-air or zonal space heating equipment and/or electric water heating equipment with high efficiency natural gas space heating equipment⁴ and/or high efficiency natural gas domestic water heating equipment.

Based on the Measure/product type and market factors, PSE may provide incentives to its customers at different points along the value chain. Market barriers vary dramatically from Measure to Measure; consequently PSE incentives may occur at the manufacturer, distributor, contractor, retailer or consumer level. Incentive amounts are based on regionally accepted energy-saving estimates and incremental efficiency Measure costs. These incentives may be subject to change in response to revisions in savings estimates, average incremental cost or changes in Federal appliance efficiency standards or State codes. Training, education and support by PSE for independent contractors, distributors, retailers, showrooms, sales associates, consumers and partnering organizations are foundational to the success of this program.

⁴ As outlined in the Company's Schedule 216, **Section 1, Availability/Eligibility**, the equipment to which the Customer is converting must be "highly efficient natural gas space and/or domestic water heating..."

Customer Experience

The Fuel Conversion program is built around the goal of providing an excellent customer experience by removing barriers to participation, educating customers on the reduced cost and increased reliability of the direct use of gas, and ensuring clear and accurate communication.

The Fuel Conversion program works toward re-engineering the value chain by providing the customer with choices that will assist them in managing their energy costs and easy access to the information that they will need to be successful in using less energy.

Target Market

The target market for the Fuel Conversion program is existing Single Family Electric Service customers on or near gas mains with specific annual electricity usage.

PSE estimates that approximately 10 percent of the customer base qualifies for the incentive, creating a finite and specialized niche for conversion opportunities. To date, the majority of conversions are water heater installations. Dealers indicate that 50-70 percent of the water heater conversions require relocation of the equipment to meet the efficiency code requirements. PSE incentives assist customers offset these relocation costs. Another opportunity requiring PSE focus is that of construction costs, such as meter installation and street restoration where natural gas lines aren't yet installed or require overhaul.

Customer Incentives

Fuel conversion incentives are prescriptive and based upon the Measure type installed and the kWh usage the Measure offsets. Eligibility criteria are based on established cost effective tests and prior electrical usage as primary heating source for space and/or water heating. The incentives are effective January 1, 2014. A list of all requirements for rebate eligibility and participation can be found on individual rebate or program application forms.

Applicable Existing Single Family Premises Measure category headings include, but are not limited to:

- Space Heating,
- Water Heating.

Marketing Plan

The fuel conversion incentive participation process was simplified to remove barriers to participation. Even though the prospective conversion customer is a targeted audience, by nature of the availability of gas to the home, PSE will continue to build program awareness by messaging within its conventional media channels. PSE will also supplement this with its geospatial capabilities and use localized media (for example, outdoor billboards) as part of its marketing strategy.

Primary marketing tactics include:

- Continue to focus on the “low hanging fruit” of water heat conversion by pinpointing specific criteria and target market to those high potential customers.
- Continue to engage partnerships with other natural gas providers in joint bill inserts.
- Key in on conversion opportunities as PSE implements its bare steel initiative.
- Integrate measure with PSE’s residential water heater leasing program, as appropriate.

Multifamily Existing

Schedule E217, G217

The Multifamily Existing program is a part of the Residential Business-to-Business channel, along with Low Income Weatherization, (page 6), and Residential New Construction (page 33).

Purpose

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

Description

The Multifamily Existing program is designed to increase the uptake and installation of selected energy efficient Measures in existing multifamily buildings with five or more attached residential dwelling units located in PSE's electric and natural gas service areas. The team works with property owners, managers, trade ally contractors, and tenants to encourage program participation. The program also serves multifamily campuses which have a mixture of building types including buildings with less than five units. Multifamily structures and campuses typically have opportunities for upgrades in the units, common areas, and building envelope. Measures may include windows, insulation, and air sealing enhancements; appliance, lighting, and HVAC upgrades; O&M improvements; behavioral modification; and calculated commercial upgrades such as central boilers and solar pool heaters. This program targets installation of energy efficient measures occurring during planned retrofit and replace upon failure. PSE will update current measures list and incentives as needed.

Customer Experience

The Multifamily Existing program provides a one-stop-shop model with a single point of contact which simplifies the participation process through integrating all available PSE products and services. This approach removes several barriers to participation through offering free energy audits, streamlining the application process, capitalizing on all cost effective savings opportunities, and reducing the split incentive conflict. The program also incorporates other value added services such as providing pre-screened contractor referrals, increasing tenant engagement/education, and helping property owners prioritize improvements within their existing portfolio.

Target Market

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

Customer Incentives Overview

Measure incentive eligibility criteria are based on, but not limited to, established industry standard cost effectiveness tests, structure type, fuel type (gas or electric), product type, and product quantity. A detailed list of Energy Efficiency's Measures, Incentives and Eligibility are included in Exhibit 4.

Marketing Plan

Key marketing strategies for the Multifamily Existing program work in tandem with the program's business development team to expand and build a prospect network in a changing market. Outreach efforts help to increase program participation with multifamily property owners and property managers, leverage relationships with trade ally contractors, and raise tenant awareness on the value of in-unit energy efficiency upgrades and how tenants play a part. The primary promotional strategies include but are not limited to:

Industry Events and Membership Collaborations

Industry events are a strong lead generating tool for the program – it's one of the best ways to quickly get face-time with contractors and property owners. The program partners with several multifamily associations who manage these types of events. The program leverages outreach through various association memberships such as the Washington Multifamily Housing Association (WMFHA) and the Rental Housing Association (RHA). These partnerships broaden the program reach to provide venues where members can collectively engage. The program targets several large-scaled exhibitions that are comprised of MF property owners, on-site leasing managers, maintenance personnel, contractors, suppliers and associated professionals. In addition to attending conferences, there are several workshops and presentations held throughout the year that provide additional networking opportunities, learning, recognition and motivation with smaller organizations. The promotional tactics used to support this strategy include:

- Booth & tabletop displays,
- Booth materials: brochures, drawings, signage,
- Program handbooks: company and program profiles, logo usage and applicable advertisements,

- Pre-event advertising (publications, e-news, e-vites, web),
- Presentation leave behinds,
- Post event surveys/debriefs,
- Tracking leads generated for ROI.

Education, Communication & Awareness

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

- Increased distribution/penetration of Energy Savings Tips brochure,
- Availability of energy use monitoring devices,
- Quarterly e-Newsletter to property managers and contractors,
- Energy challenges to bolster tenant engagement and encourage behavioral modification,
- Energy efficiency certification/recognition to promote property management participation in PSE programs,
- Developing new materials to promote the beneficial components of Energy Star[®] Portfolio Manager and PSE's Automated Benchmarking System,
- Dedicated Energy Advisor to capitalize on Direct Install customer engagement opportunities and help promote related PSE products & services.

Collateral Development

To complement the program's business development outreach efforts, promotional materials are designed and produced to effectively communicate key messages and highlight the benefits of the efficiency measures to target audiences. Persuasive collateral is used during direct customer engagement, site visits and event outreach as well as a cross-selling tool for program contractors. Educational leave behinds are also designed to help tenants understand the immediate and long-term benefits of installations. The collateral development strategy may include but is not limited to the following materials:

- Executive summaries,
- Direct installation notices,
- Case studies,

- Cross utility interaction,
- Service area maps,
- Recycling educational brochures,
- Third party business cards,
- Customer participation surveys.

Advertising Campaigns and Media Relations

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

The advertising and media relations tactics used may include:

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

Outreach Plan

The Energy Efficient Communities team develops and implements outreach strategies to promote PSE's residential and commercial energy efficiency programs and services. The outreach strategy for the Multifamily program will work with customers and with business partners. The team will provide tenant customers with information about applicable products and services that PSE provides, and help deliver information to property managers/owners, designers, building development teams, and builders. This will be done through a variety of outreach mechanisms, including multi-family complex open houses, new home builder shows and demos, Low Income customer EE program awareness campaigns, community events, presentations, and internal PSE employee trainings.

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

Overall Multifamily Channel outreach strategies:

- Identify projects and reach development teams early in design process.
- Host local open houses to enroll condominium customers to programs and to educate apartment tenants to EE efforts taken on by their property manager and what they can do on their own.
- Drive traffic to new construction homes shows and demos.
- Deliver energy efficiency presentations to various community audiences.
- Host employee brownbag sessions to build employee awareness of energy efficiency programs and services.
- Identify and recognize business partners for their contributions in serving PSE's customers.

Residential New Construction

Schedule E215, G215; applicable to single family construction

Schedule E218, G218; applicable to multifamily construction

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

Purpose

The Residential New Construction program acquires cost-effective energy savings from single-family new construction (single, duplex, and townhomes) and multifamily new construction projects that increase the installation of energy efficient Measures into new electric & gas heated buildings constructed in the PSE service territory.

In addition to newly constructed single-family structures, covered under terms of Schedule 215 (for both gas and electric service) Residential New Construction will include multifamily structures, per Washington State Energy Code 2012 Edition (effective July 1, 2013). Multifamily units are covered under terms of Schedule 218 (for both gas and electric service). These structures typically have both in-unit and common area energy-savings opportunities. These include, but are not limited to, energy efficient upgrades to building shell, appliances, lighting, HVAC and water heating systems.

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

In the new construction marketplace, high efficiency measures need to be specified and installed during design and construction. Otherwise, it may be up to 30 years before energy efficient changes to the buildings will take place. For measures and incentives that apply to existing multifamily structures, please refer to the Multifamily, Existing program measures in Exhibit 4: Measures, Incentives and Eligibility.

Description

Rebates and incentives are offered to eligible natural gas and electric PSE new construction developers, contractors, trade allies and customers (cumulatively, the program refers to these as “partners”) who are constructing new single-family residential structures and multifamily buildings. The program also works with these partners to market energy efficient equipment to their customers. Energy Efficiency encourages the purchase and installation of energy efficient products for their construction projects.

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

The program includes prescriptive rebates, and/or incentives, and calculated grants. Eligible customers include builders, developers, owners or agents receiving electricity through PSE’s residential schedules 7 (including 17, 27, 37 and 47) and 7A; and commercial schedules 8, 11, 12 and 24; and/or natural gas service through PSE’s residential schedule 23 and commercial schedule 31.

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

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

- Lighting: Common area,
- Appliances: Clothes washers, refrigerators,
- Ventilation; in-unit whole-home or common area,
- HVAC equipment upgrades
- Northwest ENERGY STAR Homes incentive
- Manufactured homes: Energy Star® or EcoRated Manufactured homes, which is unique to this program.

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

Target Market

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

Customer Incentives

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and location within the PSE service territory, fuel type (gas or electric), product type and product quantity. The incentives are effective January 1, 2014. Energy Efficiency's List of Measures, Incentives and Eligibility are included in the Biennial Conservation Plan as Exhibit 4. PSE may, at its sole discretion, adjust rebates based on market variables.

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

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

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

Type of rebate/incentive

Qualifying customers receive incentives by submitting a processing form and invoices/receipts, third party verification and certification of an Energy Star® home, or receive an instant discount through participating trade allies. Incentive requests are screened for completeness of customer entries, and where required for submittal of additional documentation. Incentive processing complies with PSE internal audit standards.

Marketing Plan

The Residential New Construction program uses a diverse mix of integrated marketing, promotion communication strategies and tactics to ensure customer awareness and participation. The primary objective is to elevate program awareness to building partners and help educate their customers (homebuyers) about the benefits of building and living in an energy efficient home.

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

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

Green Building Cooperatives

The Residential New Construction program's partnership goal with various green building associations is to increase the number of homes certified through Northwest Energy Star® Homes and Built Green programs, plus promote the benefits of purchasing a green certified homes. Green building cooperatives help PSE to extend visibility using less money – has a broader reach than what could be obtained independently. Partners promote PSE's energy efficiency programs, green building, Energy Star® Homes, and building practices that result in energy efficient homes. Key partners include but are not limited to: Northwest ENERGY STAR HOMES; Master Builder Associations (King, Snohomish, Pierce, Central, Skagit, Island Counties); Sustainable Connections; AIA Seattle; and Cascadia Green Building Council.

The program uses a bundled approach to release reoccurring messaging and updates to its primary and secondary target audiences. It will also develop a strategy based on the developing market conditions and affordable opportunities in appropriate publications. Advertising and collateral will include, but not be limited to:

New Business Development

New program management brings new contacts and knowledge of the marketplace that will enhance the Residential New Construction efforts at this time.

There is a current opportunity to take advantage of the in-house knowledge of architects and developers who are currently or recently working in the residential arena.

- Review of publications and lead-finding information.
- Meetings with designers and developers.

Coordination with Other Energy Efficiency and PSE Programs

- Cross-promote Residential New Construction program with BEM New construction program.
- Cross-promote Residential New Construction program with gas development program.
- Work with Energy Efficient Communities Staff to promote program.
- Utilize existing PSE media including Builder Newsletter and email blasts when appropriate.
- Work with PSE's Corporate Communications to publicize significant projects.

Advertising and Collateral Development

The program uses a bundled approach to release reoccurring messaging and updates to its primary and secondary target audiences. It will also develop a strategy based on the developing market conditions and affordable opportunities in appropriate publications. Advertising and collateral will include, but not be limited to:

- Direct-to-builder brochures
- Direct mail and advertisements
- Newsletters
- Online/website development
- Consumer education: bill inserts, model home signage, builder cooperatives
- Cross program positioning: Community Outreach and Education, Gas Growth, REM
- Other PSE division collaborations: Customer Construction Services and CRM's

Industry Events and Builder Relations

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

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

Outreach Plan

The Energy Efficient Communities team will work with program team lead in a variety of outreach initiatives in 2014-15 to support the New Construction program, to include:

- New construction – Homes and apartments/condominiums,
- Outreach to the development community,
- Promote new construction programs to municipalities,
- Promote energy efficient new construction at industry events.

Pilots

Schedule E249/G249

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

Pilots may include tests of Measure cost and performance, customer acceptance and delivery methods. In compliance with condition (7)(d), pilots will only claim energy savings that achieve energy savings sufficient to demonstrate cost-effectiveness by passing the TRC test.

Residential Individual Energy Report Pilot

In the 2014-2015 biennium, the Residential Energy Management Sector will conduct a pilot based on its successful Home Energy Reports. The pilot is testing an expansion of individual energy reports in three classifications:

- Rural Customers,
- High Relative User, Low Frequency,
- Electric-Only.

Pilot Assumptions

Rural Customers

It is PSE's hypothesis that rural customers save energy at the same rate as suburban and urban customers despite differences in their neighbor distances and more diverse peer groups. The pilot program will be operated with the following guidelines:

- a) Opower and PSE will work jointly to establish selection criteria for dual-fuel customers in a diverse geography of the service territory, particularly a selection of rural customers.
- b) PSE and Opower will investigate the minimum population quantity needed to ensure that results are verifiable.
- c) KEMA will perform randomization for these customers to be included.
- d) Opower will enroll these customers within Quarter 4, 2013, using a staggered rollout, for observation and to receive an average of 6 direct-mailed reports per year and up to 12 email reports per year.

High Relative User, Lower Frequency Customers

It is PSE's hypothesis that this segment of customers who have high pretreatment usage, relative to their home size, will save more energy than those who have lower size-relative pre-treatment usage. Targeting a behavioral program to users who can also receive electronic messaging will allow reduced mailing frequency and costs and yield a higher TRC by delivering most of the long-term savings observed in higher paper-based program designs. The pilot program will be operated with the following guidelines:

- a) Opower and PSE will work jointly to determine which customers to target to ensure maximum saving potential.
- b) PSE and Opower will investigate the minimum population quantity needed to ensure that results are verifiable.
- c) KEMA will perform randomization for these customers to be included.
- d) Opower will enroll these customers within Quarter 4, 2013, using a staggered rollout, for observation and to receive an average of 5 direct-mailed reports in year 1, 4 direct-mailed reports in years 2+, and up to 12 email reports per year.

Electric-Only Customers

It is PSE's hypothesis that the customer heating type can be determined with enough accuracy to set up a randomized test to quantify energy savings from an electric-only program and to measure cost effectiveness. This pilot program will be operated with the following guidelines:

- a) Opower and PSE will work jointly to determine which customers to target to ensure maximum saving potential.
- b) PSE and Opower will investigate the minimum population quantity needed to ensure that results are verifiable.
- c) KEMA will perform randomization for these customers to be included.
- d) Opower will enroll these customers within Quarter 4, 2013, using a staggered rollout, for observation and to receive an average of 6 direct-mailed reports per year and up to 12 email reports per year.

In aggregate, PSE plans to engage approximately 100,000 customers in this energy report expansion pilot.

BUSINESS ENERGY MANAGEMENT

Pilots

Schedule E249/G249

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

Pilots may include tests of Measure cost and performance, customer acceptance and delivery methods. In compliance with condition (7)(d), pilots will only claim energy savings that achieve energy savings sufficient to demonstrate cost-effectiveness by passing the TRC test.

Small to Midsize Business Efficiency Pilot

Purpose

The small to midsize business (SMB) efficiency pilot seeks to evaluate the effectiveness of engaging a select group of business customers through direct-mailed energy reports, e-mail messaging, and a web portal to provide energy usage comparisons, segment-specific energy insights and targeted calls to action for SMBs to save money and improve energy efficiency.

Program Descriptions

The pilot program may include the following elements:

- Direct-mailed Business Energy Reports which may include:
 - *Personalized introduction* announcing report's purpose to the SMB owner,
 - *Business comparison* enabling customers to understand what "normal" energy usage is for their given business type,
 - *Usage analysis* exhibiting use and expenses over time,
 - *Energy best practices* to encourage immediate energy-saving behavior,
 - *Targeted program marketing* of applicable energy efficiency programs,
 - *Case studies* of simple investments taken by similar businesses,
 - *Collateral materials* such as stickers, checklists, etc. to encourage efficient behaviors.
- Customer e-mail messaging via either an opt-in or opt-out approach to provide seasonal energy efficiency tips, provide electronic copies of direct-mailed reports, etc.

- Customer web portal which may provide:
 - *Usage & cost analysis* enabling SBMs to understand patterns in energy consumption and costs,
 - *Utility program promotion* to create awareness of available rebates and efficiency programs,
 - *Efficiency tips* tailored to SMB customers,
 - *Savings plan* implementation tools,
 - *Efficiency collateral* that can be downloaded and printed such as stickers, checklists, etc. to encourage efficient behaviors.

Primary Targets

PSE plans to target 10,000 SMBs throughout PSE's service territory. Pilot participants will receive 10 direct-mailed reports over a period of 18 months. The energy usage of the participant group will be compared to control data and evaluated after conclusion of the 18 month period.

Commercial/Industrial Retrofit

Schedules E250, G250

Purpose

The purpose of the Commercial and Industrial Retrofit program is to encourage Puget Sound Energy's existing Commercial and Industrial (C/I) customers to use electricity and natural gas efficiently by installing cost-effective energy-efficient equipment, adopting energy-efficient designs, and incorporating energy-efficient operations at their facilities. In addition, incentives will be available for fuel switch Measures that convert from electric to high-efficiency natural gas while serving the same end use.

Description

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

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

Commercial/industrial retrofit projects commonly include: lighting system upgrades, HVAC equipment upgrades, HVAC controls improvements, commercial refrigeration Measures, and industrial process modifications. Additionally, incentives for existing building commissioning (O&M) improvements are provided through the Comprehensive Building Tune-Up (CBTU) Program.

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

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

In addition to Commercial/Industrial Retrofit Custom Grant offerings, PSE contracts with industry experts to develop and implement cost effective programs tailored to the unique needs of target markets. Measure-specific incentives are provided through these contracted programs:

Industrial System Optimization

The program focuses on operational and maintenance (O&M) Measures to be verified through custom analysis on an individual project or site basis. Incentives are based on actual savings achieved. Customers agree to continue monitoring and verification following implementation to assure persistence of the savings.

Data Center Energy Efficiency

The program focuses on various types of efficiency improvements in customer data centers; for example, server virtualization, hot/cold aisle isolation, airflow upgrades, and cooling system upgrades. The program provides site assessments to identify cost effective energy savings opportunities and offers measure-specific incentives.

Energy Smart Grocer

The program provides audits, technical assistance and Measure-specific financial incentives to grocers who wish to purchase and install energy efficient lighting, refrigeration, HVAC systems and gas efficiency Measures. The program is eligible for both retrofit and New Construction incentives.

Target Market

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

Customer Incentives Overview

Incentives are effective January 1, 2014.

Site-Specific Basis incentives, or “custom” incentives, rely on generally accepted engineering calculations and Measure costs provided by the customer or the customer’s contractor.

Electric and gas Measures may receive maximum incentive grants up to 70 percent of the Measure cost when the grant incentive does not exceed the cost-effectiveness standard, less program administration costs. Measures where cost exceeds the cost-effectiveness standard will receive grants that are on a declining scale and will be less than 70 percent of the Measure cost. Generally, electric and gas Measures that have a Simple Payback of less than one year are not eligible for a Site-Specific Basis incentive. *Prescriptive Basis incentives* are provided for Commissioning and Optimization of Existing Buildings and for Measures that are eligible for rebates under Schedule 262E/262G, Commercial and Industrial Incentive Program. The incentive amount for a Measure is the same as that which is available under Schedule 262E/262G, but energy savings may be calculated based on actual Site-Specific conditions.

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

Energy-use monitoring: PSE may provide secure web site access to facility energy-use data for building occupants, free of charge for up to two years. More typically, access will be free of charge for one year to allow the occupant to verify building and/or Measure performance according to energy-use projections. To be eligible, customers must be on a rate schedule with demand (kW) as well as energy (kWh) charges. Compatible metering and remote data retrieval capability must be in place at the customer's facility. PSE is not obligated to replace or upgrade nonconforming meters. Customers are expected to use the monitored information to improve energy efficiency at the facility. Customers will demonstrate annual energy savings potential through energy management operations and maintenance as well as identification of further efficiency Measures and equipment upgrades.

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

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

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

The PSE Energy Management Engineer (EME) and the Manager of Business Energy Management oversee all incentives and program operations. EMEs update project changes in the tracking system and review monthly results. The Manager of Business Energy Management reviews the cost-effectiveness of all efforts. A review of results and refinement of program strategies are conducted annually.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within the PSE service territory, fuel type (gas or electric), product type and product quantity. A detailed list of Energy Efficiency Services' Measures, Incentives and Eligibility are included as Exhibit 4 of the 2014-2015 Biennial Conservation Plan.

Marketing Plan

PSE's Custom Retrofit Grant Program primarily relies on the following channels to maintain an abundant quantity of custom retrofit project leads: repeat program participants, internal PSE channels such as Business Services and Energy Efficient Communities, and trade ally relations with contractors, engineering design firms and energy services companies (ESCOs).

During economic downturn, trends have been an increased quantity of smaller projects, likely due to economic challenges faced by building owners and managers. Business Energy Management (BEM) has responded to this trend with an increased focus on programs that reward operational efficiency upgrades such as the Comprehensive Building Tune-up Program and contracted programs aimed at greater energy efficiency in data centers and industrial operations.

Communications

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

- Revamp collateral to be more industry specific rather than measure specific, encouraging more comprehensive participation in PSE efficiency programs.
- Incorporate myPSE branding into materials as they are refreshed for greater cohesiveness of program information and increased customer awareness of PSE's comprehensive efficiency program offerings.
- Revamp web content to better align with customer needs and more-effectively communicate program offerings.
- Leverage other PSE customer-facing departments to communicate PSE Efficiency Program information.

Coordination with PSE Staff and Departments

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

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

Coordination with Program Providers

PSE Corporate Communications will coordinate all messaging and marketing efforts by contracted third party programs, including:

- Energy Smart Grocer.
- Industrial Systems Optimization.
- Data Center Energy Efficiency.

Coordination with Trade Allies

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

- Participation in meetings to update trade allies on program offerings.
- Providing information about PSE's role in energy efficiency retrofit projects.
- Coordination with trade allies on PSE energy efficiency program messaging.
- Expansion of Contractor Alliance Network (CAN) into the C/I sector of trade allies.
- Leveraging of the Northwest Trade Ally Network for promotion of lighting efficiency offerings.

Industry and Customer Events

- Continue to participate in relevant conferences and tradeshows.
- Host, co-host or attend PSE outreach events for customers and contractors where energy efficiency message is relevant to the audience.
- where energy efficiency message is relevant to the audience

Outreach Plan

Energy Efficient Communities staff will develop and implement outreach strategies to promote program offerings by leveraging EEC and other regional teams' understanding of local communities to identify project opportunities and increase awareness of program offerings with the larger public. Strategies may include the following:

- Presentations to Chambers of Commerce, Visitors and Convention Bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Leverage relationships with local governments and other entities to gain awareness of new commercial and industrial developments, and connect developers with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Organize small-scale events at location of employers to educate employees on efficiency actions taken at the site by the employer and additional energy savings opportunities, including opportunities at both work and home.
- Host sessions internally for PSE staff to increase employee awareness of programs, providing increased communication to customers regarding energy efficiency programs.

Commercial/Industrial New Construction

Schedules E251, G251

Purpose

The purpose of the Commercial and Industrial New Construction Program is to influence efficient design, building components and equipment in new buildings by working with customers, developers, tenants, owners, designers and builders of new Commercial and Industrial (C/I) facilities. The program provides incentives for installation of cost-effective energy efficient Measures to achieve savings beyond the applicable Energy Code.

Description

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

The first path is similar to the retrofit program where component Measures are evaluated individually and funding is based upon cost-effectiveness. Under this approach, customers may receive up to 100 percent of the incremental cost over a code-compliant baseline option.

The second path is a whole-building approach that utilizes building energy simulation to demonstrate improvement over energy code requirements. PSE will work with designers to incorporate Measures that produce at least 10 percent overall savings beyond applicable energy code, including local jurisdiction amendments. Given the time required for planning and construction, these projects typically take several years to complete.

The third path includes Prescriptive Basis incentives for Measures that are eligible for rebates under Schedule E262/G262, Commercial and Industrial Incentive Program. The incentive amount for a Measure is the same as that which is available under Schedule E262/G262, but energy savings may be calculated based on actual Site-Specific conditions and Code Baseline adjustments, if necessary.

New Construction Commissioning focuses on the post-occupancy phase of a new building, with the intent to lead owners and facility operators beyond Code required commissioning to expand their capability to operate the building efficiently by providing training, documentation of efficient operation (charts, performance targets, operating criteria, flags of inefficient operation, etc), review and recommendations based on seasonal performance and strategies.

In addition to these paths for New Construction efficiency incentives, PSE makes Energy Smart Grocer program offerings available to new construction projects in the grocery sector, providing expert technical assistance and Measure-specific financial incentives to grocers who wish to purchase and install energy efficient lighting, refrigeration and HVAC systems that exceed Code minimum efficiency requirements or industry standard practice where Code requirements do not exist.

A complete listing of available incentives is provided in Exhibit 4 of this 2014-2015 Biennial Conservation Plan.

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

Target Market

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

Customer Incentives Overview

Customers provide PSE with project scope, costs and estimated savings. Customers assume full responsibility for selecting and contracting with third-party service providers. A grant agreement or signed prescriptive Measure rebate application will be required.

Component Measure incentives: For energy-efficient Measures with a simple customer payback greater than one year, PSE provides grants toward the incremental installed cost of the Measure. Maximum grants will be based on the Company's cost-effectiveness criteria. Electric and gas Measures may receive incentive grants up to 100 percent of the incremental Measure cost where the grant incentive does not exceed the cost-effectiveness standard less program administration costs. Measures that exceed the cost-effectiveness standard will receive grants that are on a declining scale and will be less than 100 percent of the Measure Cost. In instances where project first-costs, site conditions, or operational parameters lead to a customer fuel choice that would offset gains from implemented efficiency Measures, incentives for fuel switching may be provided; however, choices that totally eliminate the need to provide an energy source to the site are not eligible.

Whole Building Approach incentives: PSE provides incentive for projects designed and built to be at least 10 percent more energy efficient than a Code baseline building built under the applicable Energy Code. Under the *energy model whole building approach*, PSE will offer an increasing incentive amount for efficient designs that exceed the Energy Code baseline by 10 percent, prorated to a maximum incentive for buildings that exceed the Code baseline by 30 percent or more. The *energy model whole building approach* incentive, based on percent savings, may be reduced if it does not meet the Cost Effectiveness Standard.

Eligibility for Whole Building incentives: Whole Building Incentives are designed for buildings which will receive electric service from PSE and natural gas service from either PSE or another provider in the future. Projects to be served only with natural gas from PSE do not qualify for whole building incentives.

Projects using multiple energy sources, but to be served with electricity from PSE must demonstrate that the electricity-efficiency as well as the whole-building efficiency is improved by a minimum of 10 percent to qualify for an incentive. Low energy-intensity facilities using less than 30,000 BTU/sqft.-yr for HVAC, lighting and water heating as a Code baseline (e.g. warehouses, religious facilities) do not qualify for the *energy model whole building* incentives, but may use the other approaches offered within the program. In instances where project first-costs, site conditions, or operational parameters lead to a customer fuel choice that would offset gains from implemented efficiency Measures, incentives for fuel switching may be provided; however, choices that totally eliminate the need to provide an energy source to the site are not eligible.

Prescriptive Basis Incentives: Rebates for equipment listed under the electric/gas Commercial and Industrial Rebate Incentive Program are available for new construction except when required by the applicable Energy Code. Prescriptive Basis Incentives are not available, however, when there is an energy interaction with Measures proposed under the *whole building approach* or the *component approach*.

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

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

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

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

Energy-use monitoring: Upon occupancy, the Company may provide secure web site access to facility energy-use data for building occupant, free of charge for up to two years. More typically, access will be free of charge for two years to allow the occupant to verify building and/or Measure performance according to energy-use projections. To be eligible, customers must be on a rate schedule with demand (kW) as well as energy (kWh) charges.

Compatible metering and remote data retrieval capability must be in place at the customer's facility. PSE is not obligated to replace or upgrade nonconforming meters.

Customers should use the monitored information to improve energy efficiency at the facility. Customers will demonstrate annual energy savings potential through energy management operations and maintenance as well as identification of further efficiency Measures and equipment upgrades.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within the PSE service territory, fuel type (gas or electric), product type and product quantity. A detailed list of Energy Efficiency Services' Measures, Incentives and Eligibility are included as an Attachment to the 2014-2015 Biennial Conservation Plan as Exhibit 4.

Energy Smart Grocer. This third party contracted program provides expert technical assistance and Measure-specific financial incentives to grocers who wish to purchase and install energy efficient lighting, refrigeration and HVAC systems that exceed Code minimum efficiency requirements or industry standard practice where Code requirements do not exist.

Marketing Plan

PSE's program for commercial new construction will remain an incentive for building designers and developers to include energy-efficiency Measures that are above and beyond that which is required by the building code.

Market activity for new construction is expected to increase during the 2014-2015 program period yielding new project leads. Due to long lead time for new construction project development, new leads for major projects during 2014-2015 are not likely to contribute energy savings until the 2016-2017 program period.

Communications

- Revamp collateral to reflect customer needs and myPSE brand for greater comprehensive understanding of energy efficiency program offerings.
- Revamp content on PSE.com to be more user-friendly.
- Update standardized content for public presentations.
- Develop case studies that include new construction commissioning and likely rebates or components.

- Incorporate messaging around other services PSE provides for new construction projects beyond incentives for improved customer service and greater participation.

Relations with Trade Allies

Utilize partnerships with trade organizations to build relationships in the construction community and increase awareness of program offerings.

Coordination with PSE Staff and Departments

Collaboration with departments such as Business Services, Energy Efficient Communities and Customer Construction Services who interface directly with customers and developers and have the opportunity to influence decisions about energy efficiency will yield greater program awareness.

Outreach Plan

Energy Efficient Communities staff will develop and implement outreach strategies to promote program offerings by leveraging EEC and other regional teams' understanding of local communities to identify project opportunities and increase awareness of program offerings with the larger public. Strategies may include the following:

- Presentations to Chambers of Commerce, Visitors and Convention Bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Leverage relationships with local governments and other entities to gain awareness of new commercial and industrial developments, and connect developers with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Organize small-scale events at location of employers to educate employees on efficiency actions taken at the site by the employer and additional energy savings opportunities, including opportunities at both work and home.
- Host sessions internally for PSE staff to increase employee awareness of programs, providing increased communication to customers regarding energy efficiency programs.

Resource Conservation Management

Schedules E253, G253

Purpose

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

Description

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

Customers qualify for the RCM program based on their annual PSE energy purchases. A typical customer baseline for a fulltime equivalent (1 FTE) program is 20,000,000 kWh for electric only or 2,700,000 therms for gas-only service from PSE. Funding levels are prorated based on the amount of staff a customer would need to allocate in order to achieve cost-effective savings from RCM efforts. At a minimum, the customer needs to qualify for 0.25 FTEs to participate in the program on their own.

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

Monetary grants include a "start-up" grant for completion of deliverables associated with building the program foundation. The start-up deliverables include hiring an RCM, setting up an energy-accounting database, writing a company resource management plan, and completing facility action plans. Once start-up deliverables are complete, the customer may qualify for "performance grants" based on achieving energy savings associated with RCM practices and "performance bonus grants" for meeting or exceeding pre-established energy-reduction targets.

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

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

Program Start Up

- Designing and implementing an RCM program.
- Hiring or contracting a Resource Conservation Manager.
- Developing baselines, policies and guidelines, and facility action plans.

Resource Accounting Software

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

Technical Assistance

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

Education & Training

- Training in fundamental concepts for designated RCM and support personnel such as custodial, maintenance, and facilities staff.
- Educational materials for classroom or building occupant use including checklists, fact-sheets, and calculators.
- Training stipend to support professional development in Building Operation or Energy Management (Training stipend is based on achieving the Building Operator Certification Levels I & II).

Energy Data Services

- Historical and on-going monthly PSE billing data in electronic format for import into resource accounting software.
- Energy Interval Services for internet viewing of facility gas and electric interval meter data.

Cash Incentives

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

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

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

PSE continues to explore ways to make the RCM program cost-effective for smaller customers. One option is for "Shared RCM" services among a group of smaller organizations, which has generated interest from local governments and other organizations with smaller facility portfolios. With this approach, agencies can combine total portfolio consumption in order to meet the minimum qualifications of the program. A maximum of four organizations with a minimum portfolio of 0.125 FTEs can participate using the Shared RCM approach. PSE efforts will continue to work with RCM consultants, customers, and other support agencies to develop this market. Another option for smaller organizations is a new 2014-2015 program offering called the Strategic Resource Management (SRM) program.

Strategic Resource Management (SRM)

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

Customers qualify for the SRM program based on their annual PSE energy purchases. The minimum customer baseline to participate in the program is 1,000,000 kWh for electric service from PSE.

An SRM customer employs, contracts, or designates existing staff to implement SRM responsibilities, including accounting for resource consumption, assessing facilities, recommending actions, monitoring progress, calculating savings and communicating program information to organization stakeholders. The assigned person will be the designated the green champion and will serve as the main point of contact for the program.

The SRM program will then match a pre-approved contractor with the green champion. The contractor will spend time with the customer at the start of the agreement to benchmark facilities, host an energy management workshop, implement a resource management plan, perform building walkthroughs, create portfolio action plans, and identify behavior, operation and maintenance (O&M), and capital projects. The contractor will then schedule meetings to confirm progress and will spend additional time with the green champion as the program progresses.

PSE will establish performance targets for the program based on the customer's consumption. Typically, targets will be set for a 5 percent reduction each year.

After each milestone, the contractor will bill PSE for 70 percent of the pre-determined expenses and the customer for 30 percent of the expenses. PSE will provide an incentive to the customer based on energy saving performance, up to the 30 percent of contractor expenses. For savings greater than the target, PSE will provide an additional performance incentive to the contractor.

The SRM agreement is valid for one year. A customer can participate in the program for multiple years as long as they continue to meet or exceed the performance targets. For each year, PSE anticipates a 5 percent reduction in overall energy use. Savings are calculated using industry standard practices and energy accounting methodologies. Reported annual savings are a variance from the previous year.

Customer Incentives

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

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

Marketing Plan

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

To reach the cost-effectiveness threshold required, PSE's RCM program targets large portfolio-based customers or groups of customers who will be able to recover the cost of implementing their RCM program through resource savings achieved.

As the RCM concept has developed, PSE's program is beginning to experience challenges in the marketplace. Private companies are marketing similar packages of services, creating some confusion and even some departure from PSE's program. Ongoing communications, public relations and RCM training are critical to convey the value and integrity of PSE's program to new and existing customers.

Program Communications to Existing Customers

Support the RCM program with development of information and training materials for customers.

- Update collateral and web pages to be more customer-friendly and incorporate myPSE brand.
- Support for the RCM annual meeting with displays and handouts as needed.
- Establish resources and protocol for webinar trainings.

Marketing Communications to Existing and Potential Customers

Provide marketing materials including brochures, web updates and standard presentation materials to communicate about the RCM program.

- Update marketing materials to incorporate program changes required.
- Continue to develop case studies to demonstrate an array of RCM success stories.

Internal PSE Communications

Communicate key messages about the RCM program to audiences inside of PSE that serve as channels to customers and other stakeholders.

- Provide a conduit for communicating critical updates or program information to the CRM/EE Communities group and the new geographic organization of major accounts.
- Review communications developed by EE Communities.

Publicity

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

Outreach Plan

Energy Efficient Communities staff will develop and implement outreach strategies to promote program offerings by leveraging EEC and other regional teams' understanding of local communities to identify project opportunities and increase awareness of program offerings with the larger public. Strategies may include the following:

- Presentations to Chambers of Commerce, Visitors and Convention Bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Leverage relationships with local governments and other entities to gain awareness of new commercial and industrial developments, and connect developers with program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Organize small-scale events at location of employers to educate employees on efficiency actions taken at the site by the employer and additional energy savings opportunities, including opportunities at both work and home.
- Host sessions internally for PSE staff to increase employee awareness of programs, providing increased communication to customers regarding energy efficiency programs.

Large Power User/Self Directed

Schedule E258

Purpose

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

Description

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

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

The Large Power User Self-Directed program is implemented in cycles, with the current program cycle spanning January 1, 2010 to December 31, 2014. Customers were given until March 29, 2013 to propose projects that utilize their incentive allocations under the non-competitive phase. Customers not designating projects that fully utilize their allocation forfeit their remaining balance to a competitive phase, in which remaining funds are available to all program participants via competitive bid.

In the Competitive Phase, eligible customers respond to an RFP in order to obtain remaining incentive funding that was not claimed during the non-competitive phase. In this phase, eligible customers may have access to funds beyond their original allocation. The competitive phase submittal deadline was July 16, 2013 and received proposals were ranked based on cost effectiveness and other criteria specified in the RFP. Competitive funding was awarded, in order of project ranking, until all funds were allocated to projects.

The next opportunity for eligible customers to apply for funding under this program will be 2015, with key program dates and participation requirements published in PSE's 2015 Annual Conservation Plan.

Target Market

C/I customers receiving electric service under Schedule 40, 46, 49, 448, 449, 458 or 459 are eligible to participate in this program.

Customer Incentives Overview

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

During the current program cycle, incentive allocations for customers receiving service under Schedules 40, 46 and 49 will be reduced for collection of administrative program costs and Northwest Energy Efficiency Alliance (NEEA) budget line item costs that were not collected in the previous program cycle. The total Electric Conservation Rider revenue amount and customer allocation will be determined by the Company's State Regulatory and Cost of Service Department.

Energy efficiency Measures are subject to the Company's Total Resource Cost Test to determine the grant amount to be paid. The incentive amount is the lesser of the Total Measure Cost, \$0.50 per annual kWh savings, or the customer's remaining incentive allocation, subject to PSE Cost Effectiveness Standards.

Customers receiving service under Schedules 40, 46 or 49 shall be required to first utilize their designated Schedule 258 allocation for these incentives prior to receiving funding from other programs, with the exception of programs requiring multi-year contracts. Customers receiving service under Schedules 448, 449, 458 or 459 only receive incentives through the Schedule 258 program and cannot receive funding from other programs.

When the incentive is limited by the remaining allocation balance, Schedule 40, 46 and 49 customers may apply for incentives from another conservation program to supplement the Schedule 258 incentive, up to the maximum allowed by the other conservation program.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within PSE service territory, product type and product quantity. A detailed list of Energy Efficiency Service Measures, Incentives and Eligibility are available as Exhibit 4 of this 2014-2015 Biennial Conservation Plan.

Marketing Plan

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

Energy Efficient Technology Evaluation

Schedules E261, G261

Technology Evaluation Overview

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

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

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

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

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

Remote Energy Audit Software Evaluation

During the 2014-2015 program period, PSE plans to assess remote energy auditing software services based upon Energy Management Information System (EMIS) platforms. EMIS platforms are software based tools that utilize utility interval data for a variety of capabilities including energy efficiency measure identification, building load disaggregation, and measure savings tracking.

This emerging technology potentially has significant programmatic impacts and PSE seeks to test and learn how EMIS platforms may be used to enhance PSE's existing program offerings through identification and evaluation of potential efficiency measures, motivation of customers to pursue cost-effective efficiency upgrades, and quantification of energy savings achieved from operations and maintenance (O&M) efficiency measures implemented based on recommendations of the EMIS platform.

The goals of this technology evaluation are to:

- Assess and identify benefits and barriers to integrating EMIS remote audit capabilities into PSE's existing business energy efficiency programs.
- Assess the accuracy of EMIS remote energy audit load disaggregation algorithms as compared to on-site assessments.
- Assess the accuracy of EMIS remote energy audit measure identification algorithms compared to on-site assessments.
- Assess the programmatic effectiveness of using an EMIS remote energy audit as a screening and engagement tool, energy efficiency measure identification tool, and savings tracking tool for commissioning, O&M, and capital energy efficiency measures in commercial buildings.
- Enhance customer engagement of PSE's energy efficiency programs in the medium sized business sector.

Commercial Rebates

Schedules E262, G262

Purpose

PSE offers fixed rebates for select, commonly applied Measures to commercial and industrial customers. These rebate Measures have been developed where energy savings can be standardized over a wide variety of applications, and where a competitive market pricing structure exists to ensure cost-effectiveness. The following Measure categories are managed in-house by PSE Staff:

- High Efficiency HVAC (new and retrofit),
- Commercial Washers, gas and electric,
- Commercial Laundry Water Heating,
- Commercial Kitchens, gas and electric ,
- Commercial Lighting Rebates (lamps, fixtures and controls),
- Hospitality Rebates.

PSE contracts with industry experts to implement cost effective Measures tailored to the unique needs of target markets. The following Measure categories are offered through contracted programs:

- Premium HVAC Service Program, gas and electric,
- Pre-rinse Spray Valves and Aerator Direct Install,
- Small Business Direct Install Measures.

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

Program refinements and cost-effectiveness are reviewed with Engineering Staff, the Evaluation Team, and the Manger of Business Energy Management as necessary on an ongoing basis. Incentive Measures, marketing and the fulfillment process may be modified, as needed, to respond to developments in technology, market conditions, customer acceptance and/or changes in supplier/contractor delivery and pricing.

Target Market

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

Schedule 40, 46 and 49 customers who are eligible to participate in the Schedule 258 Program must first utilize their Schedule 258 allocation before they receive incentives under this program.

Schedule 448, 449, 458, and 459 customers may utilize their Schedule 258 funding allocation for Measures and incentive amounts offered under this program.

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

Customer Incentives Overview

Most incentives are a flat dollar amount, usually for a “Measure” or “device” that is a “stand alone” unit. Customers can generally select from qualifying models (for instance, washing machines). Some rebates are a flat amount per “unit size” of the Measure, where unit size may be “per ton” or “per horsepower.” In some cases, incentives may be tied to square feet of conditioned space because energy savings depend on the size of the building more heavily than the size of the equipment.

A list of all requirements for eligibility and participation can be found on individual program application forms.

Most rebates are paid directly to the customer, but may be assigned by the customer to the contractor. For some measures, the rebate can be deducted from the sales price at the point of sale, in which case the participating vendor may be eligible for an additional sales incentive.

Measure incentive eligibility criteria are based on, but not limited to, established, industry-standard cost effectiveness tests, structure type and its location within PSE service territory, fuel type (gas or electric), product type and product quantity. A detailed list of Energy Efficiency Service Measures, Incentives and Eligibility are included as an Attachment to this 2014-2015 Biennial Conservation Plan as Exhibit 4.

Marketing Plan

PSE's Commercial Rebates Program will be proactive in using a mix of marketing and communications activities to reach the decision makers and influencers in the following key business sectors, as well as maintain current and accurate promotional information for all Commercial Rebates incentives.

Hospitality

To promote rebates of benefit to the hospitality industry (hotels/motels), marketing activities will include:

- Print and web materials targeted to this market promoting rebates for packaged terminal heat pumps (guest room HVAC), lighting controls, commercial kitchen equipment, laundry equipment and lighting.
- Targeted promotions such as direct mail or on-bill advertising to hotel/motel owners and managers.
- Participation in the Washington Lodging Association.
- Use of case studies to demonstrate value of energy efficiency to this market.

Commercial Kitchens

To promote commercial kitchen rebates to restaurants and other owners/managers of commercial kitchens (school cafeterias, corporate cafeterias, church kitchens, etc.), marketing activities will include:

- Update of marketing materials to incorporate myPSE brand plus any program changes required.
- Participation in various restaurant and food service organizations such as the Washington Restaurants Association.
- Utilization of case studies to demonstrate value of energy efficiency in restaurants and other food service facilities.
- Development and disbursement of Point of Sale (POS) display materials for participating instant rebate vendors.

Commercial Lighting

Promotion will continue for Commercial Lighting Rebate offers, with emphasis on point of sale and prescriptive lighting incentives which expedite customer participation in lighting incentive programs.

Promotional efforts will include:

- Development and continued disbursement of point of sale display materials for participating instant rebate vendors.
- Development of marketing collateral that provides increased awareness of new “Business Express” lighting rebate program incentives.
- Continued expansion of Contractor Alliance Network (CAN) into the commercial lighting sector of trade allies.
- Leveraging of the Northwest Trade Ally Network for promotion of lighting efficiency offerings.

Small Business Outreach – Direct Installations

This program is provided by an outside contractor serving small business customers throughout the PSE service area. This contractor will coordinate marketing and outreach efforts with multiple PSE channels including Energy Efficient Communities, Business Services, and Customer & Community Engagement.

In addition to sector-specific focused marketing efforts, the following strategies will be implemented to create greater program awareness by customers and trade allies across all market sectors.

Coordination with Trade Allies

PSE’s Commercial Rebates Program will strengthen relationships with Trade Allies by:

- Offering contractor information and training sessions.
- Supporting contractors and vendors with program information.
- Participation in meetings to update trade allies on program offerings.
- Coordination with trade allies on PSE energy efficiency program messaging.
- Expansion of Contractor Alliance Network (CAN) into the C/I sector of trade allies.

Coordination with PSE Staff and Departments

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

These communications will include:

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

Outreach Plan

Energy Efficient Communities staff will develop and implement outreach strategies to promote program offerings by leveraging EEC and other regional teams' understanding of local communities to identify project opportunities and increase awareness of program offerings with the larger public. Strategies may include the following:

- Presentations to Chambers of Commerce, Visitors and Convention Bureaus, restaurant and hospitality associations and other trade associations to publicize program offerings.
- Identify business customers whose energy efficiency achievements illustrate results of PSE program participation and highlight their successes at events, in case studies and through media outreach to increase awareness of program offerings.
- Organize small-scale events at location of employers to educate employees on efficiency actions taken at the site by the employer and additional energy savings opportunities, including opportunities at both work and home.
- Host sessions internally for PSE staff to increase employee awareness of programs, providing increased communication to customers regarding energy efficiency programs.
- Participate in identifying communities for targeted Small Business Direct Install door-to-door initiatives.
- Plan and execute local community-level events providing recognition to businesses for, and promoting the awareness of, energy efficiency program opportunities.
- Host events at local PSE offices that increase customer awareness of program offerings, provide training and outreach to trade allies, including recognition of contractor energy efficiency accomplishments in the local community and encouragement of greater participation in the Contractor Alliance Network.

REGIONAL PROGRAMS

Northwest Energy Efficiency Alliance

Schedule E254

Description

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

The NEEA 2010-2014 Business Plan, adopted in 2009, focuses on creating lasting change in energy efficiency in the Northwest through strong partnerships with the region's utilities and market actors. The business plan was informed by the NEEA 2010 – 2014 Strategic Plan, developed through a participatory year-long strategic planning process with the NEEA Board and region as a whole. The Business Plan has a five-year total regional savings goal of 200 aMW. Further information about NEEA's history, structure, initiatives and press is available on [NEEA's website](#).

NEEA received \$192 million in funding for 2010 – 2014 market transformation initiatives from Northwest utilities including the Bonneville Power Administration (BPA) (on behalf of more than 130 utilities), Puget Sound Energy, Energy Trust of Oregon, Idaho Power, Avista Corporation, PacifiCorp, Seattle City Light, Tacoma Power, Snohomish County PUD and others.

Generation, Transmission and Distribution Efficiency

Schedule E292

Purpose

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

Description

The Generation, Transmission and Distribution Efficiency program involves implementing energy conservation Measures within PSE's own generation and distribution facilities that prove cost-effective, reliable and feasible.

Within generation facilities, conservation Measures reduce ancillary loads at the site and exclude efficiency improvements made to the generating equipment itself. These Measures may include, but are not limited to, lighting upgrades, variable speed drives and compressor upgrades.

For transmission and distribution (T&D) efficiency, improvements are implemented at PSE's electric substations. These improvements can involve reducing the energy use within the substation itself and the distribution of energy from it. They can range from on-site Measures like lighting and heat pumps to system Measures like phase balancing and conservation voltage reduction (CVR) (also referred to as voltage optimization (VO)).

This program requires coordination between the Energy Efficiency Program Manager and Staff in other PSE departments to collect project specific details for program tracking and reporting.

With the exception of this sentence, this page intentionally left blank.

PORTFOLIO SUPPORT

Customer Engagement and Education

Purpose

This activity grouping is made up of functions and services designed to drive PSE customer to take action, and engage in energy efficiency initiatives. This group provides customers with information, tools and resources that enable easy enrollment in a number of PSE efficiency offerings. The services address the full spectrum of Energy Efficiency's benefits, and the Customer Engagement and Education Staff often provide the customer's first impression of the Energy Efficiency department.

Energy Advisors

The Energy Advisor Department is a unique, customer solution operation within Energy Efficiency. The scope of this expert group brings efficiency into PSE's customer homes by guiding them in changing behaviors. Energy Advisors promote and explain PSE's renewable programs as well as provide energy advice covering Electric Vehicles, tax incentives, community challenges and building science, for instance.

Unlike transaction-based customer care departments, the Energy Advisors provide expertise and deliver solutions tailor-made for customers' homes. They work with unique business requirements to meet program goals and targets, and are positioned to provide a robust level of program and services support. The Energy Advisors perform research, analyze, resolve, and respond to customer inquiries, issues and requests related to energy efficiency and conservation. They represent PSE in an effort to promote and cross-market energy-efficiency products and services by presenting and providing educational materials to employees, organizations and community groups.

Energy Advisors receive training and instruction in departmental procedures. They are expected to use good judgment in independently responding to recurring customer issues and/or complaints. Unique, difficult or unusual customer service issues are referred to the Senior Energy Advisor. They consult with customers to help lower bills and educate them regarding energy efficiency and conservation as well as promote PSE energy efficiency and conservation programs. This is accomplished through unique outreach methods, including outbound calls for selected energy-efficiency programs, and services at community and corporate outreach events.

Individual Energy Advisors are also located in several PSE Business Offices throughout PSE's service territory to provide direct support for energy-efficiency questions.

Customers have access to speak directly to an Energy Advisor through a toll-free number, **1-800-562-1482**, Monday through Friday, 8am to 5pm.

Events

The Energy Efficiency department participates in community, local, and regional events annually. These events include home shows, trade shows, seminars, corporate events and community outreach. The event audience consists of general public, businesses, builder/contractors, multifamily property owners, city leaders, students/teachers. PSE business objectives include; energy-efficiency program leads, customer awareness of PSE's programs and services, education, establishing partnerships with other utilities and communities, among others. This provides unique opportunities for Energy Efficiency Staff to interact directly with customers and discuss a variety of products, programs and services that the department offers. Energy Efficiency Staff can also match customer interests and needs with Energy Efficiency programs.

The event strategy team provides specific criteria for event participation that matches overall business and strategy of the programs supporting Energy Efficiency programs with emphasis on presence, affiliation and relevance. Each event holds a particular value to stakeholders and relates to objectives of PSE Energy Efficiency programs. The Events team organizes events using an event management data system to improve communication and customer experience. The Events strategy team—including representatives from marketing, outreach and programs—assesses event requests, and reviews event opportunities in advance, with a focus on tactical planning for and vetting events.

Energy Efficiency Brochures

PSE provides brochures and how-to guides on numerous energy efficiency opportunities, including low-cost equipment, weatherization measures, major weatherization improvements, and equipment upgrades. This information includes investment and savings estimates where appropriate. The brochures provided as part of this program are general energy efficiency in nature, whereas program-specific (for example, residential heat pumps or mobile home duct sealing), are budgeted within those specific programs. These brochures are available to customers in paper form and online at the PSE website. Where required by tariff, brochures are included as bill inserts.

Education

Schedules E202, G202

The Energy Efficiency Education program provides opportunities to broaden knowledge of conservation and renewable energy, and increase participation in efficiency programs.

PSE's energy education provides a forum for positive customer and community interaction and involvement that will inform, inspire, and empower with the understanding that individual choices do make a difference.

Description

Energy Education is a key component in furthering consumer energy efficiency and renewable energy awareness so that customers and PSE employees are adequately informed to make wise energy decisions.

Energy Education creates a forum to provide information to leaders and educators who can leverage the knowledge to a greater audience and will also tie directly to the company's existing energy efficiency opportunities, active resource conservation efforts, and commitment to the community channel. The programs focus on strengthening community actions by developing and preserving local relationships with customers and other education and community-based organizations.

Target Market

Markets include PSE employees, small businesses, low-income populations, seniors, Native American groups, English-as-a-second-language customers and the general public through community outreach.

The program fosters community involvement that will create mutual gains by leveraging with existing education learning resources through Low Income Weatherization agencies and Independent Colleges of Washington (ICW).

Education Tactics

- Continue long standing relationship with Independent Colleges of Washington where students engage in energy efficiency research projects related to improvement in power and energy use.
- Streamline the EE Speakers Bureau, providing a library of consistent energy-efficiency materials and messaging for PSE Staff to use as advocates for the company, in the community.

Customer Online Experience

Purpose

The Customer Online Experience group implements functions and activities that focus on PSE customer access to Energy Efficiency programs, either via the internet or other forms of electronic media.

Description

This Customer Online Experience team is made up of Web Experience and Market Integration, which are detailed in the following paragraphs.

Web Experience

Purpose

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

Description

Web Experience and Market Integration are designed to significantly improve Energy Efficiency's ability to communicate the "how and why" of energy efficiency, using new technologies and engaging interactive methods.

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

In 2014, PSE will implement upgraded personalized energy-efficiency analysis tools available to customers within the myPSE Account section of PSE.com—for desktop, tablet, mobile web users—and via PSE's new mobile app (Android and iOS).

These enhanced tools will better help customers understand the specifics behind their energy usage, show neighbor comparisons (residential customers),⁵ notify customers of higher than usual usage, and provide new ways to encourage efficient behaviors, by suggesting personalized tips, tools, ideas and checklists, based on a customer's automated energy usage profile and self-assessment information.

The Customer Online Experience budget will also support implementation of the tools outlined above, interactive content development, e-newsletters and the fees for other miscellaneous software applications, such as online form, database and web hosting services.

Marketing Integration

Purpose

Market Integration consists of salary costs of employees working on energy-efficiency marketing platform development and maintenance. This is designed to increase the transparency of the work done on energy-efficiency marketing-related items. This includes the enhancement of online energy-efficiency tools and features, as well as traditional marketing executions that center on promotional channels used across all programs (that is, events, collateral and websites).

⁵ Specific customer details; addresses, names, account information, etc. is rigorously protected. Instead, only general, non-specific comparisons will be provided.

Automated Benchmarking System

Launched in the autumn of 2013, this new website, called *MyData*, will provide building owners an easy to use, self-service portal that will allow them to set up automated monthly reporting of their building's energy usage. This data can be used to:

- Track energy usage for a portfolio of buildings,
- Track the results of energy efficiency projects,
- Develop Energy Star ratings, and
- Comply with city of Seattle reporting requirements.

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

Energy Efficient Communities

Purpose

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

Description

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

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

Target Markets

PSE's Energy Efficient Communities Program has staff located in regional offices to provide an improved connection to the multiple community stakeholders that Energy Efficiency serves throughout the service area. These partnerships provide opportunities to connect directly and indirectly with the residential and commercial markets.

Energy Efficient Communities works closely with the Business Energy Management team to reach out to the underserved small business population to deliver consistent programs throughout the service area. The team works to provide leads for the small business programs through partnerships with cities and community groups as well as through direct outreach and presentations to the small business community.

The EEC team works to train other PSE employees on the Energy Efficiency programs to ensure they are incorporating the information into their work with customers. These opportunities leverage other PSE work that is occurring with customers, and therefore improves the customer experience and increases program participation.

Trade Ally Support

Purpose

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

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

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

Description

The Trade Ally Support line item budgets and tracks only annual membership dues PSE pays to broad-based industry trade and research organizations who perform and support ongoing development and implementation of Residential and Business Energy Management programs. PSE participates in and utilizes the services of many such organizations to support delivery, management, and promotion of energy efficiency services. Utility, customer, and service provider benefits primarily include education and information exchange on end-use technologies, energy legislation, efficiency services, and related industry trends. Other Trade Ally expenses not related to dues, for example conference attendance, are budgeted and tracked with the pertinent efficiency program(s) receiving the benefit.

Target Market

Organization memberships budgeted in Trade Ally Support this biennium include (but may not be limited to):

- Building Owners & Managers Association (BOMA) of Seattle & King County,
- Consortium for Energy Efficiency (CEE),
- Electric League of the Pacific Northwest,
- Energy Solutions Center (ESC), and
- Northwest Energy Efficiency Council (NEEC).

RESEARCH & COMPLIANCE

Conservation Supply Curves

The purpose of the Conservation Supply Curve function is to complete a Conservation Potential Assessment for the company's Integrated Resource Plan (IRP). The Conservation Potential Assessment identifies the amount of energy savings potential that is technically and economically achievable over the 20-year planning horizon of PSE's IRP. The IRP, which is filed every two years, is the basis for PSE's electric and gas energy resource acquisition strategy, as well as the targets for its energy efficiency programs. The IRP analysis may also be used to derive the ten-year conservation potential and two year electric conservation target required to comply with the Washington Energy Independence Act (often referred to as I-937).

PSE's next IRP and Conservation Potential Assessment are due in 2015. The Company will conduct an assessment of the long-term market potential for energy savings from energy efficiency and other demand-side resources, covering the twenty year period 2016-2035. PSE anticipates continued use of a consultant to perform the analysis. The budget includes costs to collect customer, building and end use equipment characteristics data for this analysis, as well as calculation of the conservation potential itself. This analysis will be a key component for establishing program savings targets for 2016-2017.

Strategic Planning

Objectives

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

Description

The Strategic Planning function is responsible for providing support and guidance to a variety of regulatory and other strategic initiatives. Responsibilities include regulatory compliance filings, federal and state legislative review, policy analysis, or other strategic efforts related to energy efficiency. The Strategic Planning function also includes support for the regional Commercial Building Stock Assessment study that will be completed in the 2014-15 biennium. Funding is for oversampling of PSE buildings to build a more robust database for PSE's service area.

Market Research

It is important to note that this function's description was relocated to the Research & Compliance section of this document, as well as Exhibit 1: Budgets and Savings for the 2014-2015 biennium. This was sensible, as Market Research provides little in the way of customer-facing information. As the primary activity of the team is research, the need to re-classify the activity into this group became obvious.

Objectives

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

Description

The focus of the Market Research function is on acquiring information about customers that is relevant for the development of energy-efficiency programs, educational materials, and promotional campaigns that will be effective in encouraging program participation.

Through various techniques such as surveys, focus groups, and analysis of existing databases, Market Research provides understanding of customer perceptions, motivations and barriers to adoption of energy-efficient applications and behavior, as well as tracking customer awareness of program offerings and satisfaction with non-program specific education and information services. Market Research is also called upon for analysis of localized characteristics, attitudes, behavior, and energy usage trends, necessitating more geographically targeted research. Market Research expenses are driven by the customized nature of the work and the large sample sizes required in quantitative studies for results to be valid for multiple market segments and geographic areas.

The Market Research Staff works closely with program evaluation, marketing communications, and program implementation Staff to identify research needs that support the effective development, delivery, and evaluation of energy efficiency programs. These research needs are then coordinated and leveraged to result in a slate of research projects that are responsive to internal client needs, eliminate duplication of effort, and are cost-efficient.

PSE's conservation market research activities are divided into two basic components:

Baseline Research with Broad Applications: This type of research provides foundational information about PSE customers that will be a common source of knowledge for the general planning and design of all energy efficiency programs and promotional campaigns.

Application-Specific Research: This research is focused on specific programs or promotional initiatives. It includes research that supports specific energy efficiency program promotion and communications campaigns, such as message testing, target markets, and campaign effectiveness studies. Other research efforts will be focused on tracking customer satisfaction with information services, such as the Energy Advisors. Finally, research may be conducted to provide customer input on the design and implementation of specific programs, primarily using qualitative methods such as focus groups.

In the 2014-15 biennium, market research will make greater use of online research tools and secondary data sources, which will help control costs. In particular, PSE will utilize an online residential research panel of approximately 3,000 customers as a very economical survey tool, as well as purchasing existing demographic and firmographic data from third-party providers, rather than conducting original research to collect this information.

Program Evaluation

Description

PSE Evaluation Staff are committed to the evaluation of energy savings and the continual improvement of energy efficiency service delivery to customers. PSE program implementation teams work together with the Evaluation team to inform the development of evaluation scopes of work. The Evaluation Team then develops and maintains a strategic evaluation plan, in accordance with the guiding Evaluation Framework, ensuring that all programs receive review on a four-year cyclic basis. PSE also considers the level of energy savings, significant program changes and whether a program is new or never been evaluated before in prioritizing programs for evaluation. Adjustments to the evaluation plan may be made during the biennium, with CRAG review and advice.

Residential Programs to be evaluated in 2014-2015 include:

- Single Family Lighting
- HomePrint™
- Web-enabled thermostats
- Showerheads
- Home Energy Reports:
- Multifamily Existing
- Multifamily Air Seal
- Fuel Conversion

Commercial/Industrial Programs to be evaluated in 2014-2015 include:

- Commercial/Industrial Retrofit
- Large Power User, Self-Directed
- Pilot: Small Business Behavior
- Technical Evaluation: Remote Energy Audit

The Distribution and Generation Efficiency Program will also be evaluated.

For additional information on planned evaluation activity, please refer to the Evaluation Plan (Exhibit 6 of the 2014-2015 Biennial Conservation Plan).

In addition, significant work will be done in 2014 on the independent third party review of PSE's 2012-13 electric portfolio, which must be completed by mid-2014 in compliance with condition (6)(g).

The Evaluation Team investigates the cost effectiveness of all Energy Efficiency programs. Avoided costs are developed consistent with PSE's most recent Integrated Resource Plan. Utility Cost and Total Resource Cost benefit-to-cost ratios are the two cost-effectiveness tests calculated and are performed at the program level and measure level as appropriate. More information on the evaluation approach is available in the EM&V Framework section (Exhibit 8).

The Evaluation Staff is also closely engaged in the Measure Metrics process. Using the Evaluation Report Response (ERR), the Implementation and Evaluation Teams ensure that study results are implemented in the program. When an evaluation study is completed, findings are reviewed along with key recommendations. The Implementation Team then completes their input to the ERR, indicating what actions will be taken as a result of the evaluation findings. This ensures a closed-loop system with Evaluation findings and Implementation reactions and adjustments being documented in the Measure Metrics database.

PSE frequently shares the results of its evaluations with the RTF to ensure continuous improvement of measure energy savings values that are widely used in the region. In addition, PSE monitors the Regional Technical Forum (RTF), NEEA, and the Northwest Research Group (NWRG), as well as directly reaching out to neighboring utilities, for opportunities to collaborate on common evaluation needs.

Verification Team

Description

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

The “Measurement & Verification: Policies, Guidelines, Protocols & Processes” document introduces M&V protocols to be used across the Energy Efficiency functions.

Measurement & Verification (M&V)

M&V is the process of determining and validating savings, where equipment energy usage may be measured and equipment installations verified. Energy Efficiency M&V policies include:

- Every Energy Efficiency measure and/or program has objective and documented analysis describing kWh and/or therm savings (ref. PSE Measure Metrics database). The Verification Team provides on-site independent checks of measure installations for measures and/or programs.
- Energy Efficiency program planning, implementation, verification and evaluation teams are engaged in on-going quality assurance, quality control, analysis and reporting of measure/program activities.
- All methods are documented and subject to review to increase quality and reliability.

Verification Team Guidelines

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

“Measurement & Verification – PSE shall provide detailed descriptions of its measurement & verification (M&V) policies, protocols, guidelines, and processes to the CRAG [Conservation Resources Advisory Group] for review and advice. Additionally, PSE shall provide to the CRAG an estimate of the costs associated with the detailed M&V plan and PSE will maintain activities at levels that are at least commensurate with regional peers.”⁶

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

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

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

⁶ Agreed Conditions for Approval of Puget Sound Energy, Inc.’s 2010-2011 Biennial Electric Conservation Targets under RCW 19.285, Docket No. UE-100177.

Program Development

Description

This function includes research, planning, development, and support work for Residential and Business Energy Management customer programs.

In addition to mainstream Energy Management work, new customer load control development interests—previously reflected in Commercial/Industrial Load Control (Schedule E 271)—is included in the 2014-2015 Program Development budget.

The Program Development budget includes predominantly labor and related planning and development costs projected by New Program Development staff.

Functions include internal and external research, planning, development, and integration of: state and federal regulatory guidance; end-use technologies and applications; pre-pilot program proposals; energy codes; equipment standards; trade association information, research, and training; software; and other tools applications.

Related examples include: biennial and strategic program planning support; participation in regional initiatives and organizations including NEEA, RTF, NPCC, BPA, and NWRG; assessment, documentation, development and implementation of Measurement & Verification and quality assurance/quality control protocols and methodologies; developing and managing IRP and related DSR bidding activities; and managing program benchmarking studies, best practices, and continuous improvement.

This page intentionally left blank.

OTHER ELECTRIC PROGRAMS

Net Metering

Schedule E150

Purpose

PSE's Net Metering program provides interconnection services for qualifying customer-generators in accordance with State legislation enacted into law in February 11, 1999 and amended June 8, 2000 (see RCW 80.60).

Description

PSE provides interconnection services to qualifying Customer-generators who operate fuel cells, hydroelectric, solar, wind, or biogas generators of no more than 100 kW. Service under this schedule is limited to a total of 11.2 MW of cumulative nameplate generating capacity, of which no less than 5.6 MW of cumulative nameplate generating capacity shall be attributable to renewable energy net metering systems that use as a fuel either solar, wind, hydroelectric power, or biogas from animal waste. On January 1, 2014, this cap will move to 22.4 MW. Customer generation can be used to offset part or all of the Customer-generator's electricity use under Schedules 7 through 49 of Electric Tariff G.

At the time a customer enrolls in the Net Metering program, they are also provided the necessary information to receive annual benefits from the Production Metering, or Renewable Energy Advantage Program (REAP) , which is the state's performance based incentive described in Schedule 151.

Target Market

All customers who are within the Company's service territory and receive electric service under terms of the Company's electric Tariff G.

Customer Incentives

No direct customer incentives are provided under this tariff. Energy produced by Customer-generator systems directly reduces energy used in the home or business from the grid. When energy generated exceeds home or business electrical loads, the excess energy flowing to PSE is metered and credited to the customer at the retail rate for future use. The program's year runs May 1 to April 30 of the following year. There is currently no set end date. Any excess credit each month is rolled forward to the following month; however, when the new program year begins May 1, the credit is reset to zero.

Production Metering

Schedule 151

Purpose

PSE's Renewable Energy Advantage Program provides qualifying Customer-generators with production payments in accordance with State legislation SB 6658 as PSE receives tax credits for renewable production payments, as outlined in RCW 82.16.

Description

Production Metering is operated in conjunction with, and in addition to, the Net Metering program. At the time a customer enrolls in the Net Metering program, they are also provided the necessary information to receive annual benefits from Production Metering when enrolling with a qualifying renewable energy technology.

Target Market

All qualified net metered customers, under terms of Schedule 150 and all qualifying Schedule 91 customers.

Customer Incentives

Once a year customers are paid for all power generated up to the \$5,000.00 cap per the State's Renewable Energy Cost Recovery Program. This payment ranges from \$0.12 to \$1.08 per kWh generated per state law. PSE currently identifies the annual production total and provides the annual application and payment to the customer.

Marketing Plan

When customers interconnect for net metering they are also encouraged to participate in the production metering program. PSE notifies the customer and assists them with the annual paperwork process that is required by the state to receive a payment. PSE has a brochure for Customer Renewables used at various events.

The Energy Advisors provide basic information to customers calling to inquire about renewable energy generation. Information on net metering is also accessible from the Savings & Energy Center navigation header at pse.com. Renewable energy businesses and organizations such as Solar Washington and Washington State University Energy Programs normally make customers aware of the new metering program when they inquire about renewable energy generators.

Commercial/Industrial Load Control

Schedule E271

Background

Due to current low market prices, and C/I Load Control program prices that are higher than supply side capacity resources, PSE is deferring development and implementation of a conventional Demand Response program at the outset of the 2014 - 2015 biennium.

Next Steps

However, during this biennium, PSE will continue research, planning, and development of pertinent customer load/capacity management interests as described in Program Development, pg 99. For example, PSE may consider an Ancillary Services (energy imbalance and operating reserves)-based remote load control pilot for interested and suitable customer(s). Such service agreements are conceptually viable with PSE energy resource stakeholders. The Program Development budget will track and report all research and development planning costs incurred by New Program Development staff.

GLOSSARY OF COMMONLY USED ACRONYMS AND TERMS

Unless otherwise noted in a specific Conservation Schedule, the following commonly-used terms, used throughout this document have the below noted meanings:

AIA	American Institute of Architect
ASHRAE	American Society of Heating, Refrigerating, and Air-Conditioning Engineers
BOMA	Building Owners and Managers Association
BPA	Bonneville Power Administration
CHP	Combined Heat & Power
CMS	Customer Management System
Cost Element	Also referred to as account numbers. Cost element groups typically include; labor, overhead, employee expenses, miscellaneous expenses, materials, etc.
CRAG	Conservation Resource Advisory Group
CS/EE	Customer Solutions/Energy Efficiency. This was the new name assigned to EES (Energy Efficiency Services) at the beginning of 2012.
DDC	Design Development and Construction
DHW	Domestic Hot Water
Direct Install Measure	A conservation Measure that is installed by a PSE representative—rather than a PSE customer—into a qualifying structure.
ECM	Electronically Commutated Motor

Definitions and Acronyms, continued

HID	High Intensity Discharge (related to lighting)
HVAC	Heating, Ventilation and Air Conditioning
IRP	Integrated Resource Plan. PSE's two-year view of 20-year resource needs and how the Company will meet those needs.
kWh	Kilowatt Hour
MBA	Master Builders' Association
NEMA	National Electrical Manufacturers Association
O&M	Operations and Maintenance
Order Number	An eight-digit accounting number, used to track expenditures. FERC rules require that expenditures associated with energy conservation begin with a 1823nnnn (where "n" is another number). This is the most detailed view of accounting for a program's expenditures. Within an order number, cost elements account for the specifics of those expenditures, as explained above.
TRC	Total Resource Cost
UC	Utility Cost
ULI	Urban Land Institute
USGBC	U.S. Green Building Council
WAMOA	Washington Association of Maintenance and Operations Administrators