WATTSMART BATTERY PROGRAM

This document includes the following sections:

A. Program Overview
B. Customer Participation and Eligibility
C. Incentive Structure
D. Quality Assurance, Eligible Equipment and Dispatch Period

A. Program Overview

The Wattsmart Battery Program will promote and incentivize the installation of individual batteries for system-wide integration which will facilitate grid management. The Company's 2023 Integrated Resource Plan includes nearly 600 megawatts ("MW") of demand response capacity, including battery storage, across the system by 2028. Establishing Wattsmart Battery will ensure that battery equipment installed by customers behind the meter is integrated safely into the Company's systems and will provide benefits for both the customer and the grid. Leveraging the batteries from the Wattsmart Battery Program will create opportunity in the following areas:

- Utility Grid Management – The Wattsmart Battery Program will enable the Company to utilize qualified batteries for utility grid management 24 hours per day/365 days per year, providing year-round value to effectively manage the electric grid. The batteries may be utilized for traditional demand response, frequency reserve, contingency reserve, regulation reserves, regional grid management, backup power and other ancillary benefits in addition to reducing peak load on the electric system. Initial parameters used to dispatch the batteries for grid management are identified in the Dispatch Period section below. As the Program matures, dispatch parameters may change for continual improvement. Initially, batteries will be used to off-set customers' load, but as the Program evolves and matures, the Company intends to add other capabilities, such as allowing customers to charge batteries during the day with excess solar and export the solar energy during peak times, to maximize benefits for all parties.
- Load Shaping – The Company will help customers optimize batteries in coordination with daily peak and off-peak periods. For example, a customer with solar will charge the battery with any excess generation during the middle of the day, and in turn will utilize the battery to offset energy use during peak periods. Partnering with customers with batteries to manage excess solar during the day and peak periods in the evenings will provide the greatest benefits for customers and the utility grid.
- Utility Integration of Behind-the-Meter Batteries – The battery storage industry is still in its infancy, and there is a lack of standards for utility grid integration from both a safety

and operational perspective. This program will help provide battery manufacturers guidance on how to qualify to participate in a utility grid-optimized battery solution.

B. Customer Participation and Eligibility

The Wattsmart Battery Program will be available to all retail tariff customers taking service under the Company's electric service schedules listed on Schedule 191 – System Benefits Charge. Both residential and commercial customers may participate; however, the Company anticipates that initially, participation will come from residential customers with solar.

Customers may participate by installing eligible battery equipment and allowing the Company to utilize the battery for grid management. Customers will be compensated for enrolling through an enrollment incentive and an annual bill credit. Customers will be required to commit to the Program for a minimum of four (4) years to receive an enrollment incentive. After the commitment term, customers will have the opportunity to receive an annual incentive for their continued participation beyond the initial commitment term. The commitment term may change depending on Program needs.

Participating customers will also be required to provide information including their name, business (if applicable), installation address, and contact information to assist with eligibility and installation verification activities prior to enrolling. If a participating customer chooses to end their participation during their initial commitment period, the Company may require the participating customer to return their enrollment incentive on a pro-rated basis.

Batteries must meet program participation requirements to qualify for an incentive, including the integration into the Company's Distributed Battery Grid Management Solution ("DBGMS"). Battery manufacturers who have a product capable of meeting the requirements for utility-controlled demand response and who are willing to work with the Company and its partners to integrate into the DBGMS can qualify their batteries for participation in the Wattsmart Battery Program.

C. Incentive Structure

Wattsmart Battery incentives will be available to customers with installed batteries capable of communicating with the Company's DBGMS. An up-front enrollment payment incentive will be offered to customers who commit to the minimum term with a newly purchased battery. The minimum term will initially be set at four years but may change as the Program evolves. Program participants will also receive an annual bill credit incentive for their continued participation.

Customers with pre-existing eligible batteries may also participate in the Program but will not be required to commit to a minimum term. Instead, due to free ridership concerns, customers with

existing eligible batteries may start off at the increased annual bill credit incentive for as long as they remain enrolled.

Customers will receive their enrollment incentive as a direct payment once eligibility and installation have been verified. Annual participation incentives will be given as monthly bill credits. Table 1 provides the incentive levels for Program enrollment and annual participation incentives.

Table 1 – Wattsmart Battery Incentives

Load Management Program	Participating Equipment	Maximum Incentive ("up to")		
		Enrollment Incentive[1]	Annual Participation Incentive During Commitment Term[2]	Annual Participation Incentive[3]
Wattsmart Battery	Residential Batteries	$150/kW x Annual Commitment Term	$15/kW	$50/kW
	Commercial Batteries	$150/kw x Annual Commitment Term	$15/kW	$50/kW
	Custom	Custom		

Enrollment incentives will be based on the kW capacity of the enrolled battery, multiplied by the commitment term. For example, if a residential customer enrolls a 5kW battery with a commitment term of 4 years, their enrollment incentive will be $3,000 (5kW x $150 x 4 years). During the commitment period for years 2 to 4, the program participation annual incentive would be $75 (5kW x $15). If the same customer continues to participate beyond the 4-year commitment term, their annual participation incentive could be up to $250 (5kW x $50). If a customer opts out of participating after their commitment term, their annual participation incentive will be pro-rated.

At the Company's discretion, custom incentives and commitment terms may be considered for customers with custom battery projects or large capacity batteries. The Company will evaluate incentive levels and program requirements periodically and may adjust them through the

[1] Enrollment incentives will be capped at 70% of battery equipment costs and available for new battery purchases only.
[2] Participation incentives are eligible to be applied toward monthly energy charges. Customers will remain responsible for fixed charges.
[3] Applicable to new batteries after the commitment term or existing batteries where the enrollment incentive and commitment term is not applicable. Participation Incentives are eligible to be applied towards monthly energy charges. Customers remain responsible for fixed charges.

appropriate process based upon various factors, such as battery market changes, federal and state incentive levels, participation numbers and cost-effectiveness.

As an alternative solution for customers who want batteries, but do not have the funds to cover the associated equipment and installation costs, the Company may provide a lease type agreement option, where the Company will work with qualified trade-allies to install and maintain the batteries.

D. Quality Assurance, Eligible Equipment and Dispatch Period

For the Company to communicate with installed battery equipment, participating customers must have a reliable internet connection and Wi-Fi network and any other related equipment or system elements on the premises that may be required by the Company or equipment manufacturer. Battery manufacturers will be eligible to participate in the Program as long as they are willing to allow their batteries to be integrated into the Company's DBGMS and meet equipment eligibility. To justify the incentives being provided and to maintain cost effectiveness, the batteries must be able to provide daily load cycling, frequency response, and parameters identified below.

At the outset of the Wattsmart Battery program, eligible equipment may consist of the following:

- Ability to integrate in the DBGMS
- Utility grade batteries with a minimum of 4 kW / 10 kWh
- Minimum of 10-year battery life (warranty)
- Minimum of 7,500 battery cycle life to accommodate for daily load cycling
- Ability to charge/discharge multiple times a day
- Full dispatch control by PacifiCorp to meet the needs of the program
- Proper UL or equivalent safety certifications for residential and commercial applications

As technology evolves and new products become available, it is anticipated more batteries will become eligible. The Company will maintain an updated list of eligible batteries and other requirements for participation on the Wattsmart Battery program website.

The Company shall have the right to dispatch the Wattsmart Battery system based on the following criteria:

- Daily load cycling for peak management
- Utilized for traditional demand response, frequency reserve, contingency reserve, regulation reserves, regional grid management, backup power and other ancillary needs.
- Dispatch Days: Monday through Sunday, including holidays, year-round.
- Dispatch Duration: Dispatches may be held multiple times per day up to two full duty cycles of the battery

At the outset of the Wattsmart Battery Program, batteries will be dispatched to off-set customers' load, as discussed in the Load Shaping paragraph above. As the Program evolves and matures, the Company intends to add capability to the timing of dispatch, such as charging batteries during the day with excess solar and exporting the solar energy during peak times, to maximize benefits for all parties.

The Company may dispatch batteries to the system as necessary without advanced notice. The Company will not drain batteries below 10 percent capacity to ensure customers retain a minimum level for emergency backup. The DBGMS and integration into the Company's Energy Management System makes this possible to manage. Additionally, Wattsmart Battery dispatch events will be managed to minimize use of the battery system during or prior to an event that is expected to cause system outages.

In the event of a local outage, the battery will be used as backup power for the customer. While there are many factors that influence customer load, including battery size, house size, solar array, time of year, etc., it is estimated that 10 percent capacity will provide 1-8 hours of emergency backup power for an average customer. The Company will continually evaluate this percentage and update if necessary, to ensure the batteries are available when needed for customers.