

# Demand-side Management 2025 Annual Conservation Plan - Washington

November 14, 2024

Docket UE-230904



## **Contents**

Executive Summary.....	2
2024-2025 Budget and Savings by Program .....	4
Changes to the 2024-2025 Biennial Savings and Budget projections .....	9
Direct Benefits to Customers .....	11
Pilots.....	13
Clean Energy Implementation Plan – Utility Actions .....	20
Residential Program Details.....	25
__ Home Energy Savings (Schedule 118) .....	25
__ Home Energy Reports .....	30
__ Low Income Weatherization (Schedule 114) .....	32
Non-Residential Program Details.....	34
__ Wattsmart Business (Schedule 140) .....	34
Other Programs & Initiatives .....	39
__ Energy Education in Schools .....	39
__ Northwest Energy Efficiency Alliance .....	41
__ Customer Outreach and Communications .....	43
__ Distribution Efficiency .....	47
__ Production Efficiency .....	48
Cost Effectiveness .....	50
Appendix 1 – Portfolio and Program Cost-Effectiveness .....	53
Appendix 2 – Program Tariffs .....	54
Appendix 3 – Evaluation Measurement & Verification Framework .....	55
Appendix 4 – Home Energy Savings Program Definitions and Incentive Tables (program details).....	56
Appendix 5 – Wattsmart Business Program Definitions and Incentive Tables (program details).....	57

## **Executive Summary**

On November 1, 2023, as required by the Washington Utilities and Transportation Commission's (Commission's) direction, PacifiCorp d/b/a Pacific Power and Light Company (PacifiCorp or Company) filed its Biennial Conservation Plan in Docket UE-230904 including, as an Appendix, the 2024-2025 Demand-side Management Business Plan, which contained information on budgets and programs that the Company will use to achieve its target.

By November 15, 2024, as required by WAC 480-109-120 (2) and Items 4 and 5 of the Conditions List for Order 01 of Docket UE-230904, the Company must file with the Commission an annual conservation plan containing any changes to program details and an annual budget. The Company has updated the 2024-2025 Demand-side Management (DSM) Business Plan filed in November 2023 to create the 2025 Annual Conservation Plan. This methodology is consistent with the last biennial period.

PacifiCorp's 2025 Annual Conservation Plan reflects updated savings projections and budgets by program or initiative for 2024 and 2025. The updates reflect the Company's current projections based on the best available information in October 2024. Energy savings for PacifiCorp's portfolio of programs is forecasted to be essentially the same as the prior plan while projected expenditures are now 2% less than the prior plan. Energy savings for NEEA initiatives is forecasted to be 12% less than the prior plan mainly due to a change in the forecast from NEEA for televisions, and expenditures are 1% more. The primary reason for the savings decline is a conservative adjustment by NEEA to their televisions savings forecast.

Consistent with the development of the Biennial Conservation Plan, the 2025 Annual Conservation Plan incorporates the impacts of changes to the unit energy savings (UES) made by the Regional Technical Forum (RTF) through October 1, 2024. This "floating UES" approach is consistent with the last biennial period.

The updates in the 2025 Annual Conservation Plan reflect the following changes:

- Provides a revised estimate of energy savings and costs for 2024-2025 for PacifiCorp programs utilizing actuals available as of August 2024 and implementer forecasts for the remainder of the biennium with the planned program changes described in this plan implemented.
- Incorporates a revised NEEA savings and expenditure forecast.
- Revises program details for Home Energy Savings effective January 1, 2025.
- Revises program details for Wattsmart Business effective January 1, 2025.
- Provides updated information for Pilots.
- Provides updated information on Clean Energy Implementation Plan Utility Actions and Demand Response Co-deployment.
- Provides information on plans for leveraging federal and state funding.
- Updates the Company's customer communications and outreach plans.
- Provides cost-effectiveness analysis for the updated 2024-2025 portfolio.

PacifiCorp will add, delete and/or modify programs, measures, initiatives, or specific projects described in this Annual Conservation Plan going forward as appropriate and as circumstances warrant using the approved process for the type of change<sup>1</sup>. The Company notes there is complexity, uncertainty and potential opportunities with a multitude of federal and state funded programs related to energy efficiency. The Company will adaptively manage its portfolio and co-deployment strategies as needed in consultation with its advisory groups as the details of opportunities become more certain.

To achieve its biennial conservation target, increase Named Community customer participation and support regional efforts, the Company offers comprehensive programs for residential and non-residential customers and funds a portion of the Northwest Energy Efficiency Alliance (NEEA).

Program or initiative	Residential	Non-residential
Low Income Weatherization	√	
Home Energy Savings	√	
Home Energy Reports	√	
Wattsmart Business		√
NEEA	√	√

Program and portfolio cost effectiveness was assessed using the proxy decrement values tied to the preferred portfolio (W-10 SC CETA) generated by the 2023 IRP process with non-energy impacts (NEIs). While the Commission uses the Total Resource Cost (TRC) test, as modified by the Northwest Power and Conservation Council<sup>2</sup> as its primary criterion for cost-effectiveness, the Company assesses cost-effectiveness from five standard perspectives. Home Energy Reports, Wattsmart Business and the NEEA initiatives pass both the PacifiCorp Total Resource Cost (PTRC) and the Utility Cost Test (UCT). The Home Energy Savings program is not projected to be cost effective in 2024-2025; the Company prioritized improving participation (kWh savings) and equity over improving cost effectiveness at the program level while maintaining cost effectiveness at the overall portfolio level.<sup>3</sup> The portfolio is expected to be cost-effective for 2024-2025, with a PacifiCorp Total Resource Cost (PTRC) benefit-to-cost ratio of 1.55 including NEEA and NEIs. Cost effectiveness details for the portfolio and by program are in Appendix 1. Excerpts from Appendix 1 are provided below.

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<sup>1</sup> Adding or deleting programs requires a filing. Modification of an existing program is done by requesting DSM Advisory Group comment on the proposed changes, then posting a notice on the company website 45 days prior to the changes taking effect. This change process is described in the program details sections.

<sup>2</sup> The Company refers to this test as the PacifiCorp Total Resource Cost test, or PTRC, to distinguish in from a TRC test without the 10 percent Northwest Power Act credit.

<sup>3</sup> This language about prioritizing improving participation and equity was also in the 2024-2025 DSM Business Plan filed in 2023 in Docket UE-230904

**Table 1 – Portfolio Level Benefit/Cost Ratios – 2024-2025**

Program	PTRC	TRC	UCT	PCT	RIM
Total Portfolio	1.23	1.12	1.33	2.77	0.53
Total Portfolio with NEIs	1.44	1.33	1.33	3.12	0.53
Total Portfolio with NEEA	1.35	1.22	1.44	3.09	0.54
Total Portfolio with NEEA and NEIs	1.55	1.43	1.44	3.44	0.54

**Table 2 – Benefit/Cost Ratios by Program – 2024-2025**

Program	PTRC	TRC	UCT	PCT	RIM
Home Energy Savings	0.47	0.42	0.62	1.37	0.34
Home Energy Savings with NEIs	0.64	0.59	0.62	1.65	0.34
Home Energy Reports	1.63	1.48	1.48	Pass <sup>4</sup>	0.68
Wattsmart Business	1.77	1.61	1.72	3.55	0.59
Wattsmart Business with NEIs	2.02	1.86	1.72	3.93	0.59
NEEA	4.48	4.07	4.07	Pass	0.65

This 2025 Annual Conservation Plan includes a section with the following information for each energy efficiency program:

- Program, initiative and/or project descriptions
- Description of program changes
- Program evaluation update<sup>4</sup>
- Program details including specific measures, incentives, and eligibility requirements

### **2024-2025 Budget and Savings by Program**

Table 3 below shows the Commission approved 2024-2025 targets (Docket UE-230904) and the results forecasted in this 2025 Annual Conservation Plan for 2024-2025. **As shown, PacifiCorp is currently projecting to acquire 90,207 MWh in savings over the biennial period (including NEEA energy savings), which is approximately 101% of the Commission approved Utility Conservation Goal of 89,220 MWh.** Also as shown, the Company (not including NEEA) is projecting to acquire 81,314 MWh in savings over the biennial period, which exceeds the EIA Penalty Threshold of 74,839 MWh (at site, excluding line losses) and the decoupling commitment of 4,249 MWh (at site, excluding line losses).

<sup>4</sup> Final evaluation reports are available on the Company’s website at: [Demand-Side Management https://www.pacificorp.com/environment/demand-side-management.html](https://www.pacificorp.com/environment/demand-side-management.html).

**Table 3: Commission Approved 2024-2025 Savings Targets and Forecast Results**

Category	2024-2025 Targets		2025 Annual Conservation Plan Forecast 11/15/2024	
	Gross MWh Savings @site	Gross MWh Savings @gen	Gross MWh Savings @site	Forecast % of Target
i. Ten-year potential:	406,486	436,741		
ii. Two-year EIA target (includes NEEA):	84,971	91,318	90,207	106%
iii. Two-year EIA Penalty Threshold (excludes NEEA):	74,839	80,410	81,314	109%
iv. Two-year Decoupling Penalty Threshold (5% of EIA Target):	4,249	4,566		
v. Two-Year Utility Conservation Goal (EIA Target + Decoupling):	89,220	95,884	90,207	101%
NEEA	10,132	10,908	8,894	
Two-year targets subject to penalty (EIA penalty threshold +decoupling penalty threshold)	79,088	84,976	81,314	103%

Table 4 below shows the energy savings forecast for 2024-2025 provided last year in the 2024-2025 DSM Business Plan (Docket UE-230904), the results forecasted in this 2025 Annual Conservation Plan for 2024-2025 (Docket UE-230904), and the variance<sup>5</sup> between the two plans.

**Table 4: 2024-2025 Energy Savings Forecast Filed 11/1/2023 and Current Forecast**

Category	2024-2025 DSM Business Plan Forecast 11/1/2023	2025 Annual Conservation Plan Forecast 11/15/2024	Variance
	Gross MWh Savings @site		
i. Ten-year potential:			
ii. Two-year EIA target (includes NEEA):	91,123	90,207	(915)
iii. Two-year EIA Penalty Threshold (excludes NEEA):	80,991	81,314	323
iv. Two-year Decoupling Penalty Threshold (5% of EIA Target):	-	-	-
v. Two-Year Utility Conservation Goal (EIA Target + Decoupling):	91,123	90,207	(915)
NEEA	10,132	8,894	(1,238)
Two-year targets subject to penalty (EIA penalty threshold +decoupling penalty threshold)	80,991	81,314	323

Table 5 below provides a high-level summary of the 2025 Annual Conservation Plan energy savings and expenditure forecast, the variance<sup>6</sup> between this plan and the 2024-2025 DSM Business Plan filed in 2023<sup>7</sup>, as well as projected 2024-2025 portfolio cost effectiveness for the 2025 Annual Conservation Plan and for the DSM Business Plan filed last year in Docket UE-230904.

<sup>5</sup> The variance is the value in the 2025 Annual Conservation Plan minus the corresponding value in the 2024-2025 DSM Business Plan filed in 2023 (Docket UE-230904).

<sup>6</sup> The variance is the value in the 2025 Annual Conservation Plan minus the corresponding value in the 2024-2025 DSM Business Plan filed in 2023 (Docket UE-230904).

<sup>7</sup> The 2024-2025 DSM Business Plan was filed in Docket UE-230904 on November 1, 2023, and revised December 11, 2023.

**Table 5: High Level Summary of 2025 Annual Conservation Plan (for 2024-2025)**

<b>2025 Annual Conservation Plan Savings and Expenditures Forecast</b>			<b>Variance from 2024-2025 DSM Business Plan</b>	
	<b>MWh @ site</b>	<b>\$</b>	<b>MWh @ site</b>	<b>\$</b>
Residential efficiency programs	17,707	\$ 16,155,121	(42)	\$ (2,240,794)
Non-residential efficiency program	63,378	\$ 28,643,050	365	\$ 1,216,370
Northwest Energy Efficiency Alliance (NEEA)	8,894	\$ 1,967,906	(1,238)	\$ 28,375
Distribution Efficiency	227		-	\$ -
Production Efficiency	1		-	\$ -
Portfolio expenses		\$ 1,521,489	-	\$ (32,398)
<b>Total</b>	<b>90,207</b>	<b>\$ 48,287,565</b>	<b>(915)</b>	<b>\$ (1,028,447)</b>
<b>2025 Annual Conservation Plan 2024-2025 Total Portfolio Benefit Cost Ratios (including NEEA and Non-Energy Impacts)</b>			<b>2024-2025 DSM Business Plan (11/1/2023)</b>	
PacifiCorp Total Resource Cost Test (PTRC)		1.55	1.52	
Utility Cost Test		1.44	1.42	

Table 6 below provides the projected savings and expenditures by program, initiative, and sector to achieve the savings targets in Table 3. The “Total PacifiCorp Conservation” row, which excludes costs and savings associated with NEEA initiatives, is directly comparable to the Energy Independence Act (EIA) Penalty Threshold.

**Table 6: 2024-2025 Energy Savings and Budget Projections by Program**

Program or Initiative	2024 PacifiCorp Washington Conservation Estimates			2025 PacifiCorp Washington Conservation Estimates			2024 + 2025	2024 + 2025	2024 + 2025
	Gross kWh/Yr Savings @site	Gross kWh/Yr Savings @gen	Estimated Expenditures	Gross kWh/Yr Savings @site	Gross kWh/Yr Savings @gen	Estimated Expenditures	Gross MWh Savings @site	Gross MWh Savings @gen	Estimated Expenditures
Low Income Weatherization (114)	128,010	137,836	\$ 937,378	138,210	148,819	\$ 1,145,873	266	287	\$ 2,083,251
Home Energy Savings (118)	4,447,210	4,788,577	\$ 6,815,118	4,754,332	5,119,275	\$ 6,555,468	9,202	9,908	\$ 13,370,586
Home Energy Reports (N/A)	4,498,656	4,843,973	\$ 346,277	3,741,000	4,028,159	\$ 355,007	8,240	8,872	\$ 701,284
<b>Total Residential Programs</b>	<b>9,073,876</b>	<b>9,770,386</b>	<b>\$ 8,098,773</b>	<b>8,633,542</b>	<b>9,296,253</b>	<b>\$ 8,056,347</b>	<b>17,707</b>	<b>19,067</b>	<b>\$ 16,155,121</b>
Wattsmart Business (140) - Commercial	23,241,495	25,008,313	\$ 11,350,821	24,870,175	26,760,805	\$ 10,579,771	48,112	51,769	\$ 21,930,592
Wattsmart Business (140) - Industrial	6,431,399	6,869,699	\$ 3,024,714	6,379,815	6,814,599	\$ 2,577,269	12,811	13,684	\$ 5,601,983
Wattsmart Business (140) - Irrigation	1,222,498	1,316,337	\$ 579,814	1,232,498	1,327,105	\$ 530,661	2,455	2,643	\$ 1,110,475
<b>Total Wattsmart Business Program</b>	<b>30,895,392</b>	<b>33,194,349</b>	<b>\$ 14,955,349</b>	<b>32,482,488</b>	<b>34,902,509</b>	<b>\$ 13,687,701</b>	<b>63,378</b>	<b>68,097</b>	<b>\$ 28,643,050</b>
Northwest Energy Efficiency Alliance	3,851,715	4,411,395	\$ 966,152	5,042,177	5,479,287	\$ 1,001,754	8,894	9,891	\$ 1,967,906
Distribution Efficiency	-	-		227,000	243,993		227	244	
Production Efficiency	630	630		630	630		1	1	
<b>Total Other Conservation Initiatives</b>	<b>3,852,345</b>	<b>4,412,025</b>	<b>\$ 966,152</b>	<b>5,269,807</b>	<b>5,723,910</b>	<b>\$ 1,001,754</b>	<b>9,122</b>	<b>10,136</b>	<b>\$ 1,967,906</b>
Be wattsmart, Begin at Home			\$ 71,758			\$ 73,552			\$ 145,310
Customer outreach/communication			\$ 250,000			\$ 250,000			\$ 500,000
Program Evaluations (& savings verification)			\$ 286,001			\$ 159,503			\$ 445,503
Potential study update/analysis			\$ 120,000			\$ 25,000			\$ 145,000
System Support			\$ 68,416			\$ 68,416			\$ 136,832
End use load research			\$ 25,981			\$ 33,363			\$ 59,343
Regional Technical Forum (RTF) funding			\$ 46,100			\$ 43,400			\$ 89,500
<b>Total Portfolio-Level Expenses</b>			<b>\$ 868,256</b>			<b>\$ 653,233</b>			<b>\$ 1,521,489</b>
<b>Total PacifiCorp Conservation</b>	<b>39,969,898</b>	<b>42,965,366</b>	<b>\$ 23,922,378</b>	<b>41,343,660</b>	<b>44,443,385</b>	<b>\$ 22,397,282</b>	<b>81,314</b>	<b>87,409</b>	<b>\$ 46,319,660</b>
<b>Total System Benefits Charge Conservation</b>	<b>43,821,613</b>	<b>47,376,760</b>	<b>\$ 24,888,530</b>	<b>46,385,837</b>	<b>49,922,672</b>	<b>\$ 23,399,036</b>	<b>90,207</b>	<b>97,299</b>	<b>\$ 48,287,565</b>
<b>Total Conservation</b>	<b>43,821,613</b>	<b>47,376,760</b>	<b>\$ 24,888,530</b>	<b>46,385,837</b>	<b>49,922,672</b>	<b>\$ 23,399,036</b>	<b>90,207</b>	<b>97,299</b>	<b>\$ 48,287,565</b>



Notes for Table 6:

1. Low-income Weatherization forecasts for 2024 and 2025 savings and expenditures are based on recent data from the community action agencies. The forecast includes bundled savings with a per-home annual savings of 1,020 kilowatt-hour (kWh) from the 2018-2019 program evaluation<sup>8</sup> plus savings for ductless heat pumps.
2. The forecast for Home Energy Savings includes the impacts of adjustments for updated cost and savings information for certain appliances, building shell and heating, ventilation and air-conditioning (HVAC) measures. Updated information becomes available as the Regional Technical Forum (RTF) updates deemed measures and changes to the Washington State Energy Code (WSEC) take effect.
3. The Home Energy Reports behavioral program forecast is provided by the program implementer and is based on continuing to treat the groups from the 2020-2021 biennial period. New treatment and control groups were developed as part of the 2020-2021 plan and were expanded during the period. One new set of treatment and control groups was developed in September 2023 to refill participation lost due to attrition. This refill treatment group began receiving usage reports and energy savings recommendations in Q4 2023. The forecast, and associated cost-effectiveness analysis assumes a one-year measure life. First year savings as measured by the program impact evaluation will be counted toward the EIA Penalty Threshold. Normal attrition from the program over time is reflected in the downward savings in year two compared to year one.
4. The NEEA forecast includes both Pacific Power's direct funding of NEEA and the Company's internal management costs. NEEA 2024 and 2025 forecasted expenditures are based on Pacific Power's share (2.55%) of the estimated annual costs provided by NEEA staff in August 2024. The 2024-2025 biennial electric savings forecast was provided by NEEA and includes savings above the Northwest Power and Conservation Council's 2021 power plan baseline and includes updates to measures performed by the RTF and excludes the estimate of savings from local programs including those operated by Pacific Power and the rest of the region's utilities/program administrators. See the Biennial Conservation Target section of the 2024-2025 Biennial Conservation Plan for Pacific Power treatment of NEEA savings consistent with the Statewide Advisory Group.
5. For detail on planned evaluations, see the program detail sections in this plan.
6. Potential study update and analysis costs for 2024 and 2025, represent estimated study costs for the 2025 Conservation Potential Assessment. These costs are subject to change as new requirements and processes become effective. Per Pacific Power's Evaluation, Measurement & Verification (EM&V) framework, these costs are not included in program cost-effectiveness analysis.
7. System Support costs, including Measure Library and Demand-side Management Central (DSMC) costs, are the costs necessary for on-going maintenance and updates to the system.
8. Total PacifiCorp Conservation excludes costs and savings associated with NEEA initiatives. Savings in this row are directly comparable to the Company's EIA Penalty Threshold.

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<sup>8</sup> The average kWh energy savings per home used in the 2024-2025 DSM Business Plan was 1,301 kWh per home from the prior evaluation (2016-2017).

## Changes to the 2024-2025 Biennial Savings and Budget projections

The table below provides variance information by program.

**Table 7 – 2024-2025 DSM Business Plan filed 11/1/2023 compared to 2025 Annual Conservation Plan**

	Business Plan Nov. 1, 2023	2025 Annual Conservation Plan Nov. 15, 2024	Variance	Business Plan Nov. 1, 2023	2025 Annual Conservation Plan Nov. 15, 2024	Variance	Business Plan Nov. 1, 2023	2025 Annual Conservation Plan Nov. 15, 2024	Variance
	2024-2025			2024-2025			2024-2025		
Program or Initiative	Gross MWH Savings @ site			Gross MWH Savings @ generation			Estimated Expenditures		
Low Income Weatherization (114)	359	266	(93)	387	287	(100)	\$ 3,138,560	\$ 2,083,251	\$ (1,055,309)
Home Energy Savings (118)	9,438	9,202	(236)	10,162	9,908	(254)	\$ 14,588,826	\$ 13,370,586	\$ (1,218,240)
Home Energy Reports (N/A)	7,953	8,240	287	8,563	8,872	309	\$ 668,529	\$ 701,284	\$ 32,755
<b>Total Residential Programs</b>	<b>17,750</b>	<b>17,707</b>	<b>(42)</b>	<b>19,112</b>	<b>19,067</b>	<b>(45)</b>	<b>\$ 18,395,915</b>	<b>\$ 16,155,121</b>	<b>\$ (2,240,794)</b>
Wattsmart Business (140) - Commercial	48,406	48,112	(295)	52,086	51,769	(317)	\$ 21,627,709	\$ 21,930,592	\$ 302,882
Wattsmart Business (140) - Industrial	13,242	12,811	(430)	14,144	13,684	(460)	\$ 5,239,309	\$ 5,601,983	\$ 362,674
Wattsmart Business (140) - Irrigation	1,365	2,455	1,090	1,470	2,643	1,174	\$ 559,661	\$ 1,110,475	\$ 550,814
<b>Total Business Programs</b>	<b>63,013</b>	<b>63,378</b>	<b>365</b>	<b>67,700</b>	<b>68,097</b>	<b>397</b>	<b>\$ 27,426,680</b>	<b>\$ 28,643,050</b>	<b>\$ 1,216,370</b>
Northwest Energy Efficiency Alliance	10,132	8,894	(1,238)	10,908	9,891	(1,017)	\$ 1,939,531	\$ 1,967,906	\$ 28,375
Distribution Efficiency	227	227	-	244	244	-	\$ -	\$ -	\$ -
Production Efficiency	1	1	-	1	1	-	\$ -	\$ -	\$ -
<b>Total Other Conservation Initiatives</b>	<b>10,360</b>	<b>9,122</b>	<b>(1,238)</b>	<b>11,153</b>	<b>10,136</b>	<b>(1,017)</b>	<b>\$ 1,939,531</b>	<b>\$ 1,967,906</b>	<b>\$ 28,375</b>
Be wattsmart, Begin at Home	-	-	-	-	-	-	\$ 145,310	\$ 145,310	\$ -
Customer outreach/communication	-	-	-	-	-	-	\$ 500,000	\$ 500,000	\$ -
Program Evaluations (& savings verification)	-	-	-	-	-	-	\$ 461,469	\$ 445,503	\$ (15,966)
Potential study update/analysis	-	-	-	-	-	-	\$ 145,000	\$ 145,000	\$ -
Systems Support	-	-	-	-	-	-	\$ 136,832	\$ 136,832	\$ -
End use load research	-	-	-	-	-	-	\$ 63,900	\$ 59,343	\$ (4,557)
Regional Technical Forum (RTF) funding	-	-	-	-	-	-	\$ 101,376	\$ 89,500	\$ (11,876)
<b>Total Portfolio-Level Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 1,553,887</b>	<b>\$ 1,521,489</b>	<b>\$ (32,398)</b>
<b>Total PacifiCorp Conservation</b>	<b>80,991</b>	<b>81,314</b>	<b>323</b>	<b>87,057</b>	<b>87,409</b>	<b>351</b>	<b>\$ 47,376,482</b>	<b>\$ 46,319,660</b>	<b>\$ (1,056,822)</b>
<b>Total System Benefits Charge Conservation</b>	<b>91,123</b>	<b>90,207</b>	<b>(915)</b>	<b>97,965</b>	<b>97,299</b>	<b>(666)</b>	<b>\$ 49,316,013</b>	<b>\$ 48,287,565</b>	<b>\$ (1,028,447)</b>
<b>Total Conservation</b>	<b>91,123</b>	<b>90,207</b>	<b>(915)</b>	<b>97,965</b>	<b>97,299</b>	<b>(666)</b>	<b>\$ 49,316,013</b>	<b>\$ 48,287,565</b>	<b>\$ (1,028,447)</b>

## **Key Changes in the Savings Forecast**

- **Low Income Weatherization:** Savings in this plan is 26% lower, reflecting lower assumed savings per home<sup>9</sup> and a lower forecast from the community action agencies for the number of homes expected to be treated leveraging Pacific Power funds.
- **Home Energy Savings:** Savings are forecasted to be 3% lower. This is primarily reflective of a reduction in savings associated with heat pumps per RTF savings adjustments.
- **Home Energy Reports:** Savings forecast for 2025 are 4% higher than 2024 resulting from the program's transitioning from a predominantly winter season-based savings program to a winter and summer season-based savings program due to higher summer temperatures.
- **Wattsmart Business:** Savings are slightly (1%) higher than the last plan, indicating the program participation forecast is still holding.
- **NEEA:** The current 2024-2025 savings forecast is 12% lower than the values NEEA provided in 2023. The primary reason for the decline is a conservative adjustment to NEEA's televisions savings forecast. Although the ENERGY STAR specification NEEA influenced is in place, many manufacturers have not certified their models with ENERGY STAR, making it difficult to match regional sales data with energy use estimates. As a result, NEEA is not able to track full-market adoption of ENERGY STAR in time for this report. NEEA expects manufacturers to certify their models later in 2024 once the industry finalizes its voluntary agreement to establish on-mode power limits. To be conservative, NEEA lowered its forecast.

## **Key Changes in the Expenditure Forecast**

- **Low Income Weatherization:** Expenditures were revised downward reflecting the revised agency expectations for completed work.
- **Home Energy Savings:** Expenditures in the forecast are 8% lower due to lower participation.

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<sup>9</sup> The average kWh energy savings per home used in the 2024-2025 DSM Business Plan was 1,301 kWh per home from the 2016-2017 evaluation. The average kWh energy savings per home used in the 2025 Annual Conservation Plan is 1,020 kWh from the 2018-2019 program evaluation.

- Home Energy Reports: The contracted amount for program implementation by the Program Implementer, Bidgely, increased 5%.
- Wattsmart Business: Expenditures projections are 4% higher than the last plan. In the last plan, PacifiCorp explained there was uncertainty in part given the re-procurement underway at the time for Home Energy Savings and Wattsmart Business. The estimates in the last plan ended up being low for Wattsmart Business compared to the contracted pricing resulting from the re-procurement.
- NEEA expenses: Projected expenditures provided by NEEA are 1% higher for 2024-2025.
- Portfolio expenses: The updated portfolio expenses are 2% lower than the forecast in the last plan mainly due to a more conservative forecast for Regional Technical Forum expenditures and a slightly lower forecast for program evaluations. The forecast for evaluations is based on current negotiated pricing.

### **Direct Benefits to Customers**

Estimates of direct benefits to customers delivered by the 2024 - 2025 expenditures including all portfolio costs are provided in the table below. This additional metric to assess program impacts is consistent with conversations between Commission Staff and the Company that occurred during the preparation of prior conservation plan(s) and reports. Direct benefits are in addition to the benefits all customers receive through implementation of cost-effective energy efficiency resources: lower energy costs.

**Table 8: Direct Benefits to Customers Including Portfolio Expenses**

<b>Program or Initiative</b>	<b>Estimated Expenditures</b>	<b>Direct Benefit to Customer (\$)</b>	<b>Direct Benefit to Customer (%)</b>
Low Income Weatherization (114)	\$ 2,083,251	\$ 1,776,740	85%
Home Energy Savings (118)	\$ 13,370,586	\$ 5,743,460	43%
Home Energy Reports (N/A)	\$ 701,284		
<b>Total Residential Programs</b>	<b>\$ 16,155,121</b>	<b>\$ 7,520,200</b>	<b>47%</b>
Wattsmart Business (140) - Commercial	\$ 21,930,592	\$ 15,794,212	72%
Wattsmart Business (140) - Industrial	\$ 5,601,983	\$ 3,809,815	68%
Wattsmart Business (140) - Irrigation	\$ 1,110,475	\$ 571,208	51%
<b>Total Business Programs</b>	<b>\$ 28,643,050</b>	<b>\$ 20,175,235</b>	<b>70%</b>
Northwest Energy Efficiency Alliance	\$ 1,967,906	\$ 1,362,980	69%
Distribution Efficiency	\$ -		
Production Efficiency	\$ -		
<b>Total Other Conservation Initiatives</b>	<b>\$ 1,967,906</b>		
Be wattsmart, Begin at Home	\$ 145,310		
Customer outreach/communication	\$ 500,000		
Program Evaluations (& savings verification)	\$ 445,503		
Potential study update/analysis	\$ 145,000		
Systems Support	\$ 136,832		
End use load research	\$ 59,343		
Regional Technical Forum (RTF) funding	\$ 89,500		
<b>Total Portfolio-Level Expenses</b>	<b>\$ 1,521,489</b>		
<b>Total PacifiCorp Conservation</b>	<b>\$ 46,319,660</b>	<b>\$ 27,695,435</b>	<b>60%</b>
<b>Total System Benefits Charge Conservation</b>	<b>\$ 48,287,565</b>	<b>\$ 29,058,415</b>	<b>60%</b>
<b>Total Conservation</b>	<b>\$ 48,287,565</b>	<b>\$ 29,058,415</b>	<b>60%</b>

Notes for Table 8

- Low Income Weatherization: Payments to community action agencies for measure installation are included as direct benefits to customers.
- Home Energy Savings: Customer and vendor incentives and costs for direct install measures (provided at no cost to the customer) are included as direct benefits to customers.

- Home Energy Reports: This is a behavioral program, and participants can realize the benefit of lower energy costs, but the program does not provide direct benefits in the form of customer incentives, vendor incentives or direct install measures, so there are no direct benefits in this table.
- Wattsmart Business: Customer and vendor incentives and expenditures for customer site-specific energy engineering (\$1,724,255) are included as direct benefits to customers.
- NEEA: Company subtracted \$20,791 in estimated internal management costs and then applied the 70 percent estimate provided by UTC Staff to NEEA funding to calculate the direct benefit to customers.
- Portfolio expenses: There are no direct benefits in the form of customer incentives, vendor incentives or direct install measures associated with portfolio expenses, so there are no direct benefits for portfolio expenses in this table.

## **Pilots**

Pursuant to Washington Administrative Code (WAC) 480-109-100 (1) (c), the Company must implement pilot projects when appropriate and as long as the overall portfolio remains cost effective. In considering which pilots to pursue, the Company focused on pilots that 1) make sense given its unique service territory (small towns and rural), 2) are resource efficient and build on prior work, 3) increase savings acquisition now or in the future, and/or 4) address an identified need or barrier. The pilots for 2024-2025 were originally defined in the 2024-2025 DSM Business Plan appendix to the 2024-2025 Biennial Conservation Plan and were presented to the Company's DSM Advisory Group and Equity Advisory Group for review and comment. For each pilot, the pilot description from the 2024-2025 DSM Business Plan is repeated below followed by a 2024 update. These pilots are not stand-alone programs but rather incorporated as part of existing programs and the relevant program name(s) is included following the name of each pilot.

### **On-Bill Financing for residential customers including owned manufactured homes located on rented space and homes on tribal trust lands (Home Energy Savings program)**

- **Purpose:** Reduce the upfront cost barrier to participation in residential energy efficiency programs by offering on-bill financing, including for manufactured homes on rented space and homes on tribal trust lands. This offer further complements the third-party financing for residential and business customers currently being offered Craft3. Craft3 is able to offer this funding through a grant award from the Energy Revolving Loan Fund administered by the Washington State Department of Commerce.
- **Costs:** No additional start-up costs in 2024-2025 or per application costs for secured loans. For unsecured loans, Craft3 will receive \$200 per funded loan application, and \$300 per application underwriting fee (regardless of loan funding). Craft3 reports that unsecured lending in manufactured home parks tends to be higher touch, requiring additional due

diligence on the part of the lender, and this is the reason for the application fees. Costs will be included as a residential program expense and recovered through the System Benefits Charge and are included in the expenditure forecast for Home Energy Savings. Pacific Power internal on-going loan administration costs will also be included as a program expense and recovered through the tariff rider. Pacific Power is not loaning its own funds and will not be receiving any interest income from loan payments.

- **Size:** The Company expects between 100-200 completed loans over the two-year period.
- **History:** Builds on work from pilot in prior biennial periods.
- **Implementation:** Build upon current experience utilizing Craft3, to operate as funder and loan administrator for on-bill financing for residential customers who participate in the Home Energy Savings program. Financing will be available for the net (after incentives) costs of equipment eligible for Home Energy Savings incentives (including critical repair costs).
- **Marketing:** Home must be in good condition and built after June 15, 1976 (the first HUD standard). The offer will be marketed primarily through installing contractors and the program administrator. Craft3 will work jointly to identify and train contractors. Marketing and screening will be in place to help ensure customers eligible for low-income services are directed to the community action agencies instead of participating in the loan offer. Individual loan offers are subject to both customer and home park screening by Craft3.
- **2024 Update:** Prior to Craft3 discontinuing their loan program 46 customers received loans in the amount of \$705,000 to assist with their efficiency upgrades. 22 trade allies leveraged this financing option as a means to support their customer's ability to purchase high efficiency measures. Craft3 announced on May 31, 2024, that they were discontinuing the on-bill financing for home efficiency improvements effective June 30, 2024. Other residential efficiency financing options for 2025 are being explored with lending firms. PacifiCorp is interested in partnering with multiple lenders providing customers with financing options.

#### **Manufactured Homes Targeted Delivery (Home Energy Savings program)**

- **Purpose:** Increase installation of energy efficiency measures within new and existing manufactured homes.
- **Costs:** Costs are included in the existing program delivery and incentive budgets for the biennial period.
- **Size:** The Program Administrator expects 500-1,000 manufactured home projects over the two-year period.
- **History:** Builds on work from pilot in prior biennial periods.

- **Implementation:** Build awareness and utilization of available customer incentives for manufactured home measures, including new manufactured homes and existing manufactured home duct sealing, direct install lighting, heat pumps, evaporative coolers, central air, windows, and insulation.
- **Marketing:** Utilize geo-targeted analysis, marketing, outreach and lead sharing methods to optimally reach customers, including customers in underserved areas or non-participating areas.
- **2024 Update:** As of September 2024, the Home Energy Savings program served 710 manufactured homes including 393 manufactured homes with direct-installation offers, all of which are located in Highly Impacted Communities. The program implementer and its duct sealing direct installation contractor reported they have achieved near capacity within the manufactured homes segment. As a result of this success, the direct-install duct sealing initiative has shifted to single family homes in Highly Impacted Communities. Outreach efforts continue to support manufactured homes with follow-up marketing to customers that participated in a direct-install offer. This includes sending notices about limited time offers for smart thermostats and air purifiers as well as standard measures including heat pumps of which 36 customers in manufactured homes have received rebates.

#### **Heat Pump Water Heaters Online Platform/Direct Delivery (Home Energy Savings program)**

- **Purpose:** Increase installation of energy efficient heat pump water heaters (HPWH) through additional delivery method and compare results against existing HPWH participation levels.
- **Costs:** Costs are included in the existing program delivery and incentive budgets for the biennial period.
- **Size:** The Program Administrator expects 100-120 projects over the two-year period.
- **History:** Heat Pump Water Heaters are an existing measure and NEEA initiative, but this technology has seen low participation rates in the program as well as regionally. Approach and results will be shared with NEEA's Products Coordinating Committee.
- **Implementation:** In Q4 2023, adding heat pump water heaters to a new online platform that offers direct shipment and fixed fee installation of heat pump water heaters.
- **Marketing:** Using multi-channel marketing, the measure will be promoted to customers via email, direct mail and bill inserts, which will drive participation to the online platform.
- **2024 Update:** Through September 2024, 15 customers purchased heat pump water heaters via the Performance+ online platform. 5 purchases were in the Yakima area and 10 in Walla Walla. The findings to date do not indicate that this platform is achieving higher



participation levels than the traditional trade ally channel. As a result, the intention is to discontinue this delivery channel as a pilot in 2025.

#### **Geo-Targeted Energy Efficiency (Home Energy Savings, Wattsmart Business programs)**

- **Purpose:** Focus on increasing participation in specific area(s) where additional value such as preventing or deferring possible infrastructure investments has been identified
- **Costs:** Costs are included in the existing program delivery and incentive budgets for the biennial period.
- **Size:** to be determined.
- **History:** Builds on work from pilot in prior biennial periods. Two circuits (5Y164 and 5Y380) in the Yakima area were identified for geo-targeting for the 2022-2023 biennium. The work in 2022-2023 targeting 5Y380, while successful, did not occur fast enough to defer distribution investment, and this circuit is no longer a good candidate for targeting. 5Y164 is the same feeder identified for distribution efficiency investments<sup>10</sup> that are scheduled, so it most likely is too late to defer this investment.
- **Implementation:** For 5Y164, work with distribution planning to confirm if continuing the geo-targeting for this circuit makes sense or not. Two more circuits served from Grandview substation, 5Y302 and 5Y304, have been identified and are currently being reviewed for possible targeting in 2024-2025.
- **Marketing:** The targeting effort includes increasing the frequency of existing program outreach tactics including direct mail/email, trade ally engagement and personal selling.
- **2024 Update:** Distribution System Planning determined the possible Grandview feeders were not appropriate for targeting and identified two feeders on the Naches substation for targeting in 2024-2025 (5Y131 and 5Y132). Outreach to customers on these Naches feeders began in 2024 and will continue in 2025.

#### **Non-Residential Lighting Controls (Wattsmart Business program)**

- **Purpose:** Increase installation of lighting controls as part of business customer lighting retrofit projects.
- **Costs:** Included in existing program delivery budgets.
- **Size:** Up to 160 projects (approximately 80 per year).
- **History:** Continuation of pilot from the last biennial periods as part of an overall effort in the region to build momentum and market support for advanced lighting controls.

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<sup>10</sup> See Distribution Efficiency sections in 2024-2025 Biennial Conservation Plan

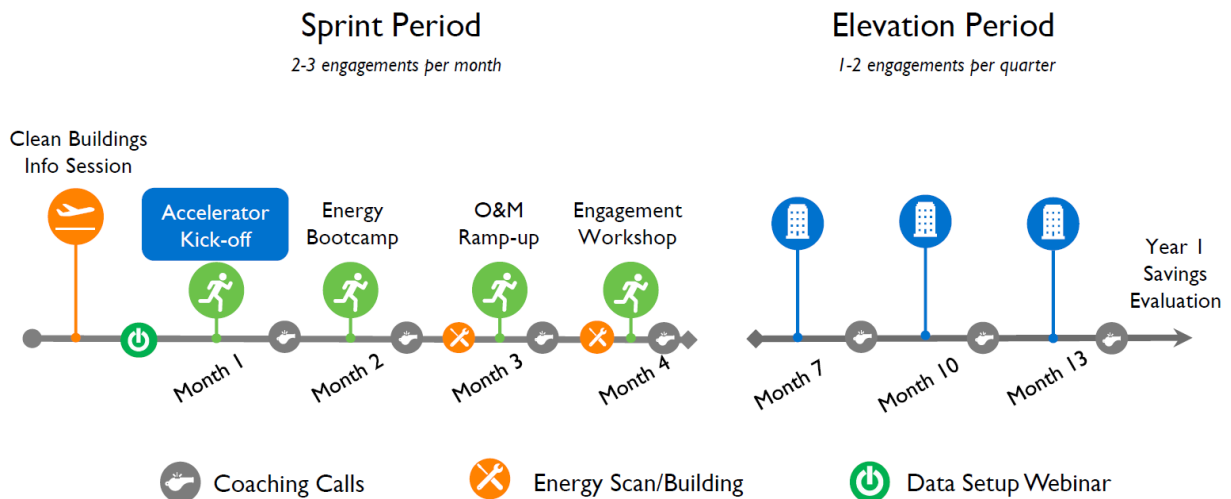
- **Implementation:** Leverage NEEA’s Luminaire Level Lighting Control (LLLC) initiative including vendor training support. Customer incentives are structured so that lighting upgrades combined with advanced networked lighting controls provide the highest incentive for lighting projects. Continue and evolve vendor incentives for lighting controls.
- **Marketing:** NXT Level training and good/better/best communications, continuing and improving lighting controls training for vendors, and providing outreach coordinator feedback to approved Wattsmart Business Vendors on lighting control opportunities in their projects.
- **2024 Update**
  - Continued to encourage savvy vendors that promote lighting controls to participate in the program.
  - During meetings with customers and vendors and project pre-inspections, the Outreach Team recommends the use of lighting controls opportunities where applicable.
  - Highlighted lighting controls benefits during presentations at the March 2024 in-person vendor trainings.
  - Advanced lighting controls videos from NEEA will be posted on the vendor portal, promoted in vendor newsletters and shared with vendors by the outreach team during in-office trainings.
  - Customer Incentives: Continue to offer the highest customer incentives for projects with Advanced Networked Lighting Controls.
  - Vendor Incentives: Vendor incentives for Advanced Networked Lighting Controls were increased from \$30 per fixture to \$50 in July 2023, continued at this level in 2024 and will continue at this level in 2025.

#### **Clean Buildings Accelerator (Wattsmart Business program)**

- **Purpose:** Help building owners who must comply with the Clean Buildings law (House Bill 1257 – Tier 1, buildings greater than 50,000 square feet, Senate Bill 5722 – Tier 2, buildings 20,000 – 50,000 square feet) get a jump start while also identifying savings opportunities and achieving savings results (reported in the Wattsmart Business program).
- **Costs:** Costs are included in the Wattsmart Business program delivery and incentive budgets for the biennial period.
- **Size:** Up to 40 buildings (approximately 10-20 buildings per year in 2024 and 2025).
- **History:** Builds on work from pilot in prior biennial period
- **Implementation:** Continue to leverage Puget Sound Energy development work that lead to Clean Buildings Accelerator offer in Wattsmart Business for buildings located in Pacific Power’s service area. Outreach for the offer will include customers in Highly Impacted

Communities and other customers who may lack resources to get started with Clean Buildings. Services and incentives will be offered as part of the Wattsmart Business Strategic Energy Management offer. Services may include:

- Coffee chats to provide general information and enroll customers
- Sprints including monthly virtual workshops for 4 months
- Virtual energy scans to identify energy savings opportunities
- Cohort elevation workshops (quarterly for Sprint Period graduates)
- Coaching calls
- Energy Star Portfolio Manager training
- **2024 Update:**
  - Clean Buildings Accelerator efforts continuing (from 2022-2023) in 2024-2025 include recruiting for and implementing a third Clean Buildings Accelerator cohort.
    - Below is the timeline for the business customers who choose to be in the cohort.



- Info. Sessions – these are introductory/informational meetings for customers considering joining the Accelerator. Dates for the virtual info sessions held in 2024 were: 7/10, 8/7, and 8/28.
- Workshops – there will be four workshops as part of the Sprint Period for customers who join a cohort. The four workshops will begin in September 2024 and will continue into January 2025 with a break in Nov/Dec for the holidays. These will be followed by elevation seminars.

- Also included - individual coaching calls, energy scans, and a data setup webinar dedicated to helping customers get familiar with Energy Star Portfolio Manager and Resource Advisor.
  - In 2024-2025 the pilot will include two new elements in addition to the cohort:
    - Clean Buildings Open House
      - Pacific Power will host an in-person open house for commercial customers at Yakima Valley College on November 12, 2024. Customers will be able to attend either a morning or afternoon session which will provide an overview of the Clean Buildings law and strategies for our customers to achieve compliance with energy efficiency strategies. Pacific Power sent email invites to our commercial customers in late summer/early fall 2024 and more information is be posted on [Washington Clean Buildings \(pacificpower.net\)](https://www.pacificpower.net)<sup>11</sup>.
    - Clean Buildings Help Line
      - Pacific Power’s implementor Stillwater Energy will host a “help line” including a phone number and email that commercial customers can use to get specialized assistance with their Clean Buildings questions. The number will go to a voicemail that indicates staff will respond to their inquiry within 2 business days. The phone number and email address are posted on [Washington Clean Buildings \(pacificpower.net\)](https://www.pacificpower.net)
  - Below is a summary for the cohort 3 info sessions and workshops planned so far in 2024-2025 as well as the open house.

<b>Workshop</b>	<b>Date</b>
Clean Buildings Accelerator Info. Session 1	7/10/2024
Clean Buildings Accelerator Info. Session 2	8/7/2024
Clean Buildings Accelerator Info. Session 3	8/28/2024
Clean Buildings Accelerator - third cohort, Workshop 1 - Accelerator Kick-off	9/18/2024
Clean Buildings Accelerator - third cohort, Workshop 2 - Energy Bootcamp	10/23/2024
Clean Buildings Open House - Yakima Valley College	11/12/2024
Clean Buildings Accelerator - third cohort, Workshop 3 - O&M Strategies	11/20/2024
Clean Buildings Accelerator - third cohort, Workshop 4 - Engagement	1/23/2025

<sup>11</sup> <https://www.pacificpower.net/savings-energy-choices/business/benchmarking/wa-clean-buildings.html>

## **Clean Energy Implementation Plan – Utility Actions**

The energy efficiency utility actions are intended to increase focus and delivery of program services to Named Communities, increase participation for customers located in Highly Impacted Communities<sup>12</sup> and improve participation for Vulnerable Populations. In its 2024-2025 DSM Business Plan<sup>13</sup>, the Company updated the utility actions for 2024-2025 to clarify the tie from the utility actions to the CBI metrics and/or Vulnerable Population participation and to make adaptive management improvements. The estimated 2024-2025 CETA Incremental Costs associated with these utility actions were provided in the Clean Energy Implementation Plan Biennial Update.<sup>14</sup>

In this 2025 Annual Conservation Plan, the Company made very minor text updates. For example, if something was new and is now continuing, the text is updated to reflect this. The Company shared the updated utility actions (and updates to estimated CETA Incremental costs) with the DSM Advisory Group and the Equity Advisory Group to seek input prior to finalizing.

### ***Communications:***

Continue to support programs with an increased equity focus using effective communication strategies to reach Named Communities.

- Continue to increase culturally and linguistically responsive outreach and marketing to increase awareness of energy and conservation programs
- Continue to expand in-language services across written, spoken, and visual communications
  - As appropriate, include Spanish versions of collateral at community events that Pacific Power is sponsoring. Have interpreters and translated materials at public meetings.
  - Promote energy efficiency programs on appropriate Spanish-language media, directing customers to Spanish-language web pages. Where possible, use local, trusted messengers.

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<sup>12</sup> The results will be reflected in the energy efficiency Customer Benefit Indicator Metrics.

<sup>13</sup> Filed as Appendix 2 to the 2024-2025 Biennial Conservation Plan, Docket UE-230904, revised 12/11/2023

<sup>14</sup> See Clean Energy Implementation Plan Biennial Update, Chapter 4, Incremental Cost, Non-modelled Incremental Cost.

***Residential:***

*Home Energy Savings:*

Home Energy Savings program implementation and delivery will focus effort on increasing CBI metrics through enhanced incentives, new and continuing program offerings and support to increase participation in energy efficiency options for customers living in Highly Impacted Communities. In addition, Home Energy Savings will continue to provide services and support for customers in Vulnerable Populations.

Actions to serve Highly Impacted Communities

- Expand and focus on direct-install duct sealing, smart thermostats, and lighting with focused effort on single family homes in Highly Impacted Communities.
- Maintain increase for the smart thermostat per unit cost paid to direct install contractors to address higher labor and product costs so they remain motivated to install as many units as possible.
- Continue offering Low-E storm windows with an emphasis on promoting to customers in Highly Impacted Communities during direct install visits.
- Continue enhanced incentives for customers in Highly Impacted Communities for all heat pumps.
- Continue the Community Based Distribution offering that provides LED bulbs to Highly Impacted Community Tribal customers at no cost. This program offering replaced the “value retailer” bulb buy-down that was discontinued in 2023.
- Customers in Highly Impacted Communities and contractors are able to confirm HIC status and eligibility for an enhanced incentives through a web-based confirmation screening application.

Actions to serve Vulnerable Populations (renters, language)

- Continue to offer enhanced incentives for windows in multifamily units on residential rate schedules.
- Continue to provide no-cost direct install residential lighting to renters living in multifamily units.
- Continue direct-install lighting and smart thermostats for multifamily homes. Increase the smart thermostat per unit cost paid to direct install contractors to address higher labor and product costs so they remain motivated to install as many multifamily units as possible.

- Continue the Community Based Distribution offering that provides LED bulbs to Vulnerable Population customers at no cost. This program offering replaced the “value retailer” bulb buy-down.
- Continue efforts to reach Spanish speaking customers through all aspects of program delivery including:
  - Customer facing staff fluent in Spanish
  - Pacific Power representation at cultural events, associations, community groups, and media
  - Provide communications, marketing, web, and program materials in Spanish

*Low Income Weatherization:*

Actions to serve Vulnerable Populations (low income)

- Continue to allow reimbursement for repairs up to 30 percent of the annual reimbursement on energy efficient measures received (increased from 15% in 2022).
- Continue to allow installation of electric heat to replace permanently installed electric heat, space heaters or any fuel source except natural gas with adequate combustion air as determined by the Agency. This is designed to promote the installation of electric heat and minimize use of wood heat, solid fuels, or natural draft equipment in specific applications where combustion safety (and indoor air quality) cannot be maintained.

***Non-residential:***

*Wattsmart Business:*

- Continue to increase the number of businesses in Highly Impacted Communities and small businesses participating; 2024-2025 results will be reflected in the energy efficiency Customer Benefit Indicator metrics.
  - Enhanced customer incentives for Small Businesses in Highly Impacted Communities and Very Small Businesses
    - Continue the small business enhanced incentive lighting and non-lighting offers targeting Named Community Small Businesses (located in Highly Impacted Communities) and the smallest businesses using less than 30,000 kilowatt-hours per year (very small businesses) on Schedule 24.
    - Continue to offer higher incentives than the regular small business offer with incentives capped at 100% of project costs for lighting to reduce the customer out-of-pocket cost barrier.

- Enhanced vendor incentives - Continue to offer approved small business lighting vendors a higher vendor incentive for completed lighting retrofit projects with Small Businesses in Highly Impacted Communities and Very Small Businesses.
- Targeted outreach
  - Continue to target a portion of company initiated proactive outreach to Small Businesses in Highly Impacted Communities and Very Small Businesses; continue to tie proactive outreach to approved small business vendor capacity to respond to customer inquiries.
  - Target a portion of company initiated proactive outreach to business customers located on Tribal land.
- Continue development of program materials in Spanish; continue and increase outreach to Latine business customers, vendors, and community groups.

***Participation Tracking and Reporting:***

Continue to track program participation for the following and include in annual reports. Refined questions starting in 2024 related to language spoken and rent/lease to better align with data needed on these Vulnerable Populations for Clean Energy Implementation Plan progress reporting.

- Low Income Weatherization
  - Participants located in a Highly Impacted Community
  - Vulnerable Populations:
    - Language - Participants where the primary language spoken in the household is other than English
    - Renters - Participants who rent or lease rather than own (home is a rental)
    - Low income – all participants
  - Participants living in a manufactured home
- Home Energy Savings
  - Participants located in a Highly Impacted Community
  - Vulnerable Populations:
    - Language - Participants where the primary language spoken in the household is other than English
    - Renters - Participants who rent or lease rather than own (identify and track participation for rental properties)
  - Participants living in a manufactured home



- Wattsmart Business (except midstream)
  - Participants located in a Highly Impacted Community
  - Participants where the primary language spoken at the project site is other than English
  - Participants who rent or lease rather than own
  - Participants who are smaller businesses (e.g., account associated with project receives electric service on Schedule 24)

## **Residential Program Details**

### **Home Energy Savings (Schedule 118)**

#### **Years of Implementation**

Pacific Power Electric Service Schedule No. 118 for the Home Energy Savings Program was submitted under Advice Letter No. 06-004 on August 11, 2006. The program was initially approved with an effective date of September 14, 2006.

#### **Program Description**

The program provides a broad framework to deliver incentives for more efficient products and services for Washington residential customers with a new or existing home, multifamily unit or manufactured home. A third-party administrator hired by the Company delivers the savings and incentives of the program. Operating in tandem, Schedule 118 and the program website ([Washington Residential | Wattsmart Savings](#))<sup>15</sup> inform customers and contractors of the offerings and qualifications for incentives.

Measures eligible for incentives include efficient HVAC equipment, heat pump water heaters, windows, insulation, and home appliances. In addition, the program includes a performance path option for new homes and separate measures for manufactured and multifamily homes.

Incentives are provided in three ways: post-purchase delivery to customers through instant discounts at retailers or online limited time offerings, direct installation of a measure, such as duct sealing where the program pays all of the measure and installation cost so there is no cost to the customer, and through trade ally delivered and installed efficiency measures.

Home Energy Savings communications and website inform and direct customers to other funding or tax credit sources available for specific measures that can be jointly leveraged with program rebates. Outreach staff provide information on these other sources of support to trade allies and customers that are considering efficiency.

Financing re-paid on the customer's Pacific Power bill ("on-bill financing") was discontinued June 30, 2024, upon notice by the lending administrator, Craft3. Pacific Power has initiated discussions with other lending institutions to provide financing options that could include on-bill or other mechanisms for home efficiency loans.

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<sup>15</sup> [wattsmartsavings.net/washington-residential/](http://wattsmartsavings.net/washington-residential/)

Complete details on incentives and services are on the program website [Washington Residential | Wattsmart Savings](#)<sup>16</sup> and in the tables and copy of the program tariff below.

### Clean Energy Implementation Plan Utility Actions and Demand Response Co-deployment

See the Clean Energy Implementation Plan Utility Actions section above for specific utility actions related to Home Energy Savings. These actions are intended to improve Named Community customer participation. The equity focus areas for Home Energy Savings are reaching residential customers located in Highly Impacted Communities and reaching Vulnerable Populations including renters and households where the primary language spoken is other than English (primarily focused on Spanish speakers).

Pacific Power expects to begin enrolling customers in Q4 2023 in Optimal Time Rewards, a residential demand response program. This program controls heating/cooling load by connecting to smart thermostats, and controls water heaters (electric) through program-provided Wi-Fi-enabled devices. The program design focuses on large multifamily properties for water heater enrollment. Below are the Home Energy Savings program co-deployment plans for this residential Demand Response program in 2024-2025:

- For thermostats, information on steps to take (enroll your thermostat with the manufacturer) and available demand response incentives (for thermostats enrolled with manufacturer) will be provided, where practical, to customers who are considering a purchase eligible for energy efficiency incentives. Information on available energy efficiency incentives will be provided, where practical, to customers considering whether to enroll a thermostat in the demand response program. Implementers for both programs will coordinate on an ad hoc basis to exchange information on equipment lists, market conditions, trade allies, retailers, tactics, and promotions as applicable.
- For water heaters, information on multifamily energy efficiency offers will be provided, where practical, to building owners and property managers during the demand response sales process. Implementers for both programs will coordinate on an ad hoc basis to exchange information on market conditions, trade allies, retailers, tactics and promotions as applicable.

### Leveraging State and Federal Funding

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<sup>16</sup> [wattsmartsavings.net/washington-residential/](http://wattsmartsavings.net/washington-residential/)

Pacific Power will continue to track and leverage all funding opportunities for customers as they become available through state and federal sources including but not limited to Department of Commerce Home Electrification & Appliance Rebates (HEAR), US Department of Energy Inflation Reduction Act (IRA), and Infrastructure Investment & Jobs Act. Programs will continue to promote funding sources to trade allies and customers through marketing collateral, web site postings, newsletters, and in person interactions and training events.

#### Home Energy Savings Program Updates

Program changes for 2025 were proposed in September/October 2024 using the program change process (including Advisory Group review and comment) described below. The changes are effective on January 1, 2025. **The definitions and incentive tables provided in this 2025 Annual Conservation Plan in Appendix 4 reflect the program offers/qualification effective January 1, 2025.**

#### Program Changes for 2025

Changes are part of the adaptive management strategy for the Home Energy Savings program for the 2024-2025 biennium and are designed to increase residential energy savings and help achieve the Energy Independence Act targets. Higher customer and trade ally incentives are intended to offset increased equipment costs and labor shortages. Changes to the incentive tables include some measures that include the terminology of “up to” a specified incentive amount. The maximum amounts in the tables are the current amounts that customers and vendors will receive. However, to provide flexibility for the expected combining of funds from HEAR and IRA offers the “up to” terminology provides the ability to adjust incentives down, if needed, to ensure customers do not receive more than 100% of the cost. Changes are also intended to increase the equitable distribution of benefits and inform utility actions specific to the Clean Energy Transformation ACT (CETA). Highlights of the changes effective January 1, 2025, are provided below:

- Add the updated SEER2 and HSPF2 HVAC efficiency requirements to the applicable HVAC equipment.
- Modify the incentive for LED fixtures and remove LED bulbs incentives from the program.
- Add an incentive offering for direct installation of door sweeps.
- Add tree planting measure.
- Expand offerings for HVAC measures in multifamily homes by adding an offering for Packaged Terminal Heat Pumps for multifamily homes.

- Modify incentive language for some measures from a set amount to an “up to” amount to provide flexibility and budget management to address the potential need to align with Home Electrification & Appliance Rebates (HEAR) and Inflation Reduction Act (IRA) funding.

Future changes including measure additions, deletions, and changes in qualifying standards will be based on cost-effectiveness, evaluation findings, participation and evolving codes and standards. In addition, the program is reviewed during the first year of the biennial period year and any changes from updated RTF information as of October 1 are incorporated through the program change process to be effective on January 1 of the second year of the biennial period.

### Evaluation Update

#### *Last Evaluation Report:*

<b>Program Years</b> 2021-2022	<b>Evaluation Report Date</b> October 2023	<b>Completed by</b> ADM Associates, Inc.
<b>Program Years</b> 2023-2024	<b>Evaluation Report Date</b> Due in 2025	<b>To be Completed by</b> ADM Associates, Inc.

### Program Details

General program details for this program are contained in the program tariff; additional program details are available on the program website. Any changes to the details included in the program tariff must be filed and approved by the Commission prior to becoming effective. In addition, there are program details managed outside of the program tariff. The program tariff and the text below from the Advice Letter (Docket UE-061297), filed August 11, 2006, describe the information that is managed outside of the tariff and the process for changes.

The comprehensive nature of the program and changing equipment standards indicate a flexible and market-driven program delivery is required. The Company is proposing that Schedule 118 outline the basic program elements including customer eligibility, use of a program administrator for delivery, the seasonal nature of selected incentive offers, and that current incentive levels may change. Specific details such as incentive levels, eligible equipment specifications and dates for incentive availability would be managed by the program administrator using a dedicated program Web site with easy links from the Company web site.

Changes in equipment eligibility or minimum efficiency levels would be driven by program and market data. The Company and program administrator will be assessing program performance on an on-going basis and proposing changes at least once per year. Changes may be proposed more frequently if there is compelling market feedback that changes need to occur ahead of the annual changes. Similar to the filing process, the Company would present information on proposed changes to its Advisory Group and seek comments prior to making changes. Changes in equipment specifications or incentive levels would be clearly posted on the Web site and emailed to the appropriate Commission staff person with at least 45 days advance notice.

The incentive tables and program definitions are managed outside of the program tariff on the Company website: <https://wattsmartsavings.net/washington-residential/faqs-wa/><sup>17</sup> via the process described above.

The current information for the program can be found on the Company's website at [Choices for Homes \(pacificpower.net\)](http://www.pacificpower.net/savings-energy-choices/home.html)<sup>18</sup> or [www.bewattsmart.com](http://www.bewattsmart.com).<sup>19</sup>

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<sup>17</sup> Click on "Incentive Tables" in the Customer Support sidebar for the current incentive tables and program definitions.

<sup>18</sup> [www.pacificpower.net/savings-energy-choices/home.html](http://www.pacificpower.net/savings-energy-choices/home.html)

<sup>19</sup> [www.pacificpower.net/savings-energy-choices.html](http://www.pacificpower.net/savings-energy-choices.html)

## Home Energy Reports

### Years of Implementation

The Home Energy Report program was implemented by OPower in August 2012 and expanded twice, the last time in September 2014. OPower delivered the program through December 2017. Bidgely was selected through an RFP process to begin delivery of Home Energy Reports in 2018. During 2018-2019, Bidgely delivered email and paper reports to the same treatment group utilized by OPower and savings were compared to the same control group. Beginning in 2020 Bidgely started delivering digital and paper Home Energy Reports to a larger new group of customers with an expansion in 2021. Bidgely conducted a customer refill in October 2023 to address attrition associated with customers that move to different residences. This refill resulted in the program reaching a saturation point of customers available to participate in a treatment group with comparable control group customer counts. The ability to expand or refill the Home Energy Report program has met its current limit.

### Program Description

The Home Energy Report program is designed to better inform residential customers about their energy usage by providing comparative energy usage data for similar homes located in the same geographical area. In addition, the report provides the customer with information on how to modify their energy usage. Equipped with this information, customers can modify behavior and/or make structural, equipment, lighting or appliance changes to reduce their overall electric energy consumption. Reports sent by Bidgely include energy consumption by end use (also known as disaggregated energy consumption) in addition to whole home comparative information.

### Evaluation Update

#### *Last Evaluation Report:*

**Program Years**  
2022-2023

**Evaluation Report Date**  
April 2024

**Completed by**  
ADM Associates

#### *Future Evaluation Report(s):*

**Program Years**  
2024-2025

**Evaluation Report Date**  
Estimated by April 15, 2026

**To be Completed by**  
ADM Associates, Inc.

### Program Details

Beginning in 2020 Bidgely began delivering digital and paper Home Energy Reports to a larger treatment group with savings compared to a new control group. Both treatment and control groups were re-randomized as part of program design prior to report delivery. Another treatment and

control group was added in early 2021 after consultation with the DSM Advisory Group in late 2020. In October 2023 the program introduced 10,314 new customers to the program as a refill versus an expansion. Bidgely was awarded a contract extension in 2023 that will continue through December 2025. This will allow for program continuity through the 2024-2025 biennial period.

Of the 107,790 residential customers in Pacific Power's Washington service territory, in 2024, 30,456 received digital (email) with 532,026 email reports sent and 22,829 customers received paper (mail) reports with total paper deliveries of 79,990. These numbers are expected to remain consistent in 2025 with a small reduction due to anticipated attrition.

For this biennial period, the Company will use a one-year measure life for assessing cost effectiveness and savings reporting (consistent with the 2022-2023 biennium).

Savings will be tracked and reported annually based on reporting from the provider. Home Energy Report savings reported against the I-937 target will be based on an ex-post evaluation of the program performance.

#### Planned Program Changes

Any changes during this period will be to messages.



## **Low Income Residential Program Details**

The Company offers a Low Income Weatherization program (Schedule 114) to its income-eligible residential customers.

### **Low Income Weatherization (Schedule 114)**

#### **Years of Implementation**

The Low Income Weatherization program has been in effect since the mid-1980's and has successfully assisted in funding the weatherization of over 8,000 homes in Pacific Power's Washington territory.

#### **Program Description**

Pacific Power partners with four local non-profit agencies, Blue Mountain Action Council in Walla Walla, Northwest Community Action Center in Toppenish, Opportunities Industrialization Center of Washington in Yakima and Yakama Nation Housing Authority in Wapato to provide weatherization services to income qualifying households throughout its Washington service area. The leveraging of Pacific Power funding along with Washington MatchMaker Program funds allows the agencies to provide these energy efficiency services at no cost to participating customers. The Company provides rebates to partnering agencies for 50 percent of the cost of services while MatchMaker funds are available and cover 100 percent of costs when these state funds are depleted. Participants qualify whether they are homeowners or renters residing in single-family homes, manufactured homes or apartments.

See the Clean Energy Implementation Plan Utility Actions section above for specific utility actions related to Low Income Weatherization. These actions are intended to improve Named Community customer participation. The Low Income Weatherization program is focused on reaching the low income Vulnerable Population.

#### **Planned Program Changes**

The Low Income Weatherization program was revised through the submission of tariff revisions in December 2021 and June 2023. These proposed revisions were previewed by the Washington Demand-Side Management Advisory Group and Low Income Advisory Committee. The changes were approved by the Commission and became effective February 1, 2022 and July 14, 2023 respectively.

In alignment to CETA, PacifiCorp strives to present opportunities to reduce customers overall energy burden through energy efficiency home improvements by reducing funding constraints or cost barriers, environmental impact and increase allowance to address challenges associated with housing condition resulting in a weatherization project deferment.

The revisions to Schedule 114 included: 1) allow installation of energy efficient measures and replacement of heating system in dwellings with permanently installed electric heat, space heaters or any fuel source except natural gas with adequate combustion air as determined by the Agency. The change to the heating source requirement allow partner agencies to determine whether heating

system replacement is most cost effective, improve health and safety, and reduce environmental impact of oil or wood burning; 2) increase repair reimbursement from 15% to 30% of the annual reimbursement on eligible energy efficient measures to partner agency authorized to receive funds for the installation of weatherization materials in low-income dwellings, Company reimburses the partner agencies 50 percent of the installed cost of repairs necessary to make the installation of the energy efficient measures included in current effective tariff when MatchMaker Funds are available, and when matching funds are exhausted funding will be at 100 percent. Increasing utility repair reimbursement provides Agencies flexibility and additional funding to leverage in conjunction with state, federal and other funding sources to address health, safety and overcome dwelling integrity issues to complete weatherization efforts successfully. ; and 3) addition of smart thermostats. The smart thermostat measure does not replace the current programmable thermostat measure but an additional option that contractors can install and must be installed with an electric heating system – either an electric resistance furnace or an air-source heat pump - and must be Energy Star qualified.

For 2025, in response to Equity Advisory Group stakeholder input, there is a change planned to modify Measure 14 under the Supplemental Measures list, to include ducted heat pumps in addition to ductless heat pumps. The ducted heat pumps measure does not replace the current ductless heat pump measure but is an additional option contractors can consider for fuel conversions to help low-income families stay warm and decrease their energy burden. The draft filing for this change was shared with the DSM and Equity Advisory Groups on October 7, 2024. The proposed schedule is to file on November 7, 2024, with a requested effective date of January 1, 2025.

Changes to Schedule 114 are filed with the Washington Utilities Transportation Commission. with rules and staff direction, cost-effectiveness for the low-income weatherization program will not be assessed at a program or portfolio level. Reporting for the program will include number of residences weatherized, number of measures installed, energy savings and total expenditures.

Evaluation Update

***Last Evaluation Report:***

<b>Program Years</b> 2018 - 2019	<b>Evaluation Report Date</b> July 25, 2023	<b>Completed by</b> Opinion Dynamics
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***Future Evaluation Report(s):***

<b>Program Years</b> 2020 - 2021	<b>Evaluation Report Date</b> 2024	<b>To be Completed by</b> Opinion Dynamics
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Program Details

Details for this program are contained in the program tariff. Any changes to the details included in the program tariff must be filed with the Commission prior to becoming effective.

## **Non-Residential Program Details**

The Company offers Wattsmart Business (Non-Residential Energy Efficiency - Schedule 140) to customers receiving electric service on non-residential rate schedules in the State of Washington. The program provides a comprehensive set of financial and service incentives to assist eligible customers with improving the energy efficiency of their facilities.

### **Wattsmart Business (Schedule 140)**

#### **Years of Implementation**

Wattsmart Business (Schedule 140) was created in 2014 by the consolidation of two existing programs: Energy FinAnswer and FinAnswer Express. The Energy FinAnswer program was originally implemented in the 1990s as an energy efficiency improvement financing program. The program was modified to an incentive-based program under Schedule 125 in October 2000. The Small Retrofit Incentive and Retrofit Incentive (Schedules 115 and 116) were created in November 2000 and were improved and renamed FinAnswer Express (Schedule 115) in May 2004. The consolidation of the programs to Wattsmart Business was approved with Docket UE-132083, effective January 1, 2014.

#### **Program Description**

Wattsmart Business was designed to support continuing acquisition of all cost-effective conservation from business customers and help reinforce the ongoing ethos of energy efficient new construction, facility upgrades, and ongoing operations. The program includes the following offers:

- **Listed Incentives and Lighting Instant Incentives** - Prescriptive incentives (“Listed Incentives”) are offered to commercial, industrial and irrigation customers for typical lighting, HVAC, motor, building envelope, food service, appliances, irrigation, dairy/farm equipment, compressed air and other retrofits or new installations. Listed Incentives include an expedited energy analysis and incentives based on the equipment installed (\$/horsepower, \$/ton, etc.) or based on annual energy savings determined using a program simplified analysis tool. There is also a midstream point-of-purchase delivery channel for lighting. Incentives for this offer are referred to as Lighting Instant Incentives.
- **Small Business Offer** - The program includes incentive offers specifically for small business customers receiving electric service on Schedule 24<sup>20</sup>. The offer includes enhanced incentives for lighting and non-lighting measures. To increase Named Community participation, there are higher small business incentives available for small businesses located in a highly impacted community and/or very small businesses. Participating customers utilizing an approved contractor are eligible for an enhanced incentive offer up to 90% of the project cost (up to 100% for businesses located in a highly impacted community and/or very small businesses).

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<sup>20</sup> There are maximum annual usage limits to help keep this offer targeted to small businesses. The eligibility requirements are posted on the website at <https://www.pacificpower.net/savings-energy-choices/business/wattsmart-efficiency-incentives-washington/wa-small-medium-business/wa-small-business-lighting.html> and [Washington Small Business Non-Lighting \(pacificpower.net\)](#)

- **Custom Incentives** - Custom incentives and energy analysis services are offered for commercial, industrial, and irrigation customer retrofits and new construction measures that meet minimum efficiency qualifications of the prescriptive incentives but do not have a prescriptive incentive available. The program includes a vendor neutral investment grade energy analysis and cash incentives paid per kWh of annual energy savings (up to 70 percent of project costs).<sup>21</sup> There is a cap to prevent incentives from bringing the payback for a project below one year. Custom analysis includes a post-installation verification and, if required, the program includes energy commissioning.
- **Energy Project Manager Co-Funding** - The program provides energy project manager (EPM) co-funding to increase end user management and engineering staffing devoted to electrical energy projects/activities increasing the number of commercial and industrial projects that can be completed. EPM co-funding is performance based and contingent on customer's commitment to an energy savings goal over a prescribed timeframe; typically, 12 months. Co-funding is proportionate to the energy savings goal at \$0.025/kWh (subject to a minimum co-funding level and salary cap).
- **Energy Management** - Energy Management services and incentives are intended to help customers ensure ongoing efficiency improvements in the operation and management of facilities and industrial processes. Energy Management is a system of practices that creates reliable and persistent electric energy savings through improved operations, maintenance and management practices at customer sites. It is designed to complement program offerings for capital improvements and the Energy Project Manager co-funding offer. Savings are site specific, and monitoring of building systems and industrial process controls is used to identify and quantify energy savings.
- **Clean Buildings Accelerator** - A Clean Buildings Accelerator offer was added in 2022 to help building owners comply with the Clean Buildings Performance Standard and connect them with the energy management and capital upgrade incentives and energy analysis services in the program.
- **Financing** - A financing offer was added to the program in 2017. This financing is optional and is available for customers who need additional help to fund the portion of the project cost not covered by incentives. Financing can be in the form of a capital equipment lease, tax exempt municipal lease, Energy Services Agreement, etc. The financing is offered through a third party, National Energy Improvement Fund.

The Wattsmart Business program is marketed primarily via Pacific Power account managers, Wattsmart Business vendors, and program delivery outreach staff. Other leads come via advertising, Company newsletters, word-of-mouth, past participants returning for additional projects and a combination of other Company outreach efforts.

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<sup>21</sup> Note there are no incentive caps for new construction projects where energy code applies.

### Clean Energy Implementation Plan and Demand Response Co-deployment

See the Clean Energy Implementation Plan Utility Actions section above for specific utility actions related to Wattsmart Business. These actions are intended to improve Named Community customer participation. The equity focus areas for Wattsmart Business are reaching business customers located in Highly Impacted Communities, small businesses, and businesses where the primary language spoken on site is other than English (primarily focused on Spanish speakers).

Pacific Power has launched two business customer demand response programs. Below are the Wattsmart Business program co-deployment plans for demand response programs for 2025:

- Irrigation Load Control – the Company plans to continue providing information on Irrigation Load Control in its energy efficiency mailings to all irrigation customers, and energy efficiency and demand response program implementers will continue coordination on outreach to customers targeted for demand response.
- Commercial & Industrial Demand Response – the Company plans to continue including demand response program information on energy efficiency program marketing materials<sup>22</sup> and program implementers will continue coordination on outreach to customers targeted for demand response.

### Leveraging State and Federal Funding

A key strategic focus area for 2025 is to integrate resources from the Inflation Reduction Act (IRA), Infrastructure Investment Jobs Act (IIJA) and relevant state and federal grants as they become available. Outreach efforts will help business customers and participating Wattsmart Business Vendors understand and utilize these resources.

### Wattsmart Business Program Changes

Program changes for 2025 were proposed in September/October 2024 using the program change process (including Advisory Group review and comment) described below. The changes are effective on January 1, 2025. **The definitions and incentive tables provided in this 2025 Annual Conservation Plan in Appendix 5 reflect the program offers/qualification effective January 1, 2025.**

### Program Changes for 2025

Changes are part of the adaptive management strategy for the Wattsmart Business program for the 2024-2025 biennium and the changes for January 1, 2025, are intended to

- a) Align the program's measure offerings and incentives with the latest unit energy savings (UES) and Standard Protocols from the Regional Technical Forum (RTF) as of October 1, 2024
- b) Add new measure for commercial connected thermostats (aligns with RTF measure)
- c) Remove three food service measures discontinued for Washington by RTF
- d) Remove the green motor rewind measure since the organization that provided accreditation for Green Motor Rewinds no longer offers accreditation services<sup>23</sup> and
- e) Align the program with the latest energy code and third-party specifications such as Consortium for Energy Efficiency (CEE) and Energy Star.

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<sup>22</sup> Example - [WA\\_wattsmartBusiness\\_Overview.pdf \(pacificpower.net\)](#)

<sup>23</sup> [www.greenmotors.org](#)

To encourage participation in the overall Wattsmart Business incentives and to increase participation in select measures and for targeted customers, vendor incentives will continue to be offered to Washington Wattsmart Business vendors in good standing for qualifying projects. These incentives will be first come, first served until funding is exhausted, with per vendor caps for specific measures, such as lighting, to provide motivation for vendors to complete multiple projects. Vendor incentives for 2025 will begin on January 1<sup>st</sup> and be for lighting, select non-lighting, and small business lighting/non-lighting projects.

Complete details on the changes were provided for DSM Advisory Group and Equity Advisory Group review prior to finalizing and posting on the Company website with 45 days’ notice before the changes take effect on January 1, 2025.

Future changes will be based on changes in Washington State Energy Code, federal standards, third party specifications, cost-effectiveness, participation and updated market information.

Evaluation Update

**Last Evaluation Report:**

**Program Years**  
2020-2021

**Evaluation Report Date**  
January 2023

**Completed by**  
The Cadmus Group

**Future Evaluation Report(s):**

**Program Years**  
2022-2023

**Evaluation Report Date**  
In progress

**To be Completed by**  
ADM

Program Details

General program details for this program are contained in the program tariff (Schedule 140); additional program detail is available on the [program website](#)<sup>24</sup>. Any changes to the details included in the program tariff must be filed and approved by the Commission prior to becoming effective. In addition, there are [program details managed outside of the program tariff](#)<sup>25</sup>. The program tariff utilizes the modification procedure established with the approval of Advice No. 06-008<sup>26</sup> by the Washington Utilities and Transportation Commission. The program tariff and the text below from the Advice Letter 06-008 (Docket UE-061710), filed on November 8, 2006, describe the information that is managed outside of the tariff and the process for changes.

Future changes in the ... incentive tables and definitions would be driven by program and market data. The Company assesses program performance on an ongoing basis and would propose changes at least annually. Changes may be proposed more frequently if there is compelling market data. Similar to the filing process, the Company would present information on proposed changes to its Advisory Group and seek comments prior to making changes. Changes would be

<sup>24</sup> <https://www.pacificpower.net/savings-energy-choices/business/wattsmart-efficiency-incentives-washington.html>

<sup>25</sup> [https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA\\_wattsmartBusiness\\_Incentive\\_tables\\_information.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA_wattsmartBusiness_Incentive_tables_information.pdf)

<sup>26</sup> The description of the process for changes was also included in the Wattsmart Business program filing, Advice 13-08, filed November 12, 2013 and approved by the Commission.

clearly posted on the program web site and e-mailed to the appropriate Commission staff person with at least 45 days advance notice.

The incentive tables, program definitions and custom incentives offered are managed outside of the program tariff on the Company website<sup>27</sup> via the process described above.

The current information for the program can be found on the Company's website at [www.bewattsmart.com](http://www.bewattsmart.com).<sup>28</sup>

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<sup>27</sup> [https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA\\_wattsmartBusiness\\_Incentive\\_tables\\_information.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA_wattsmartBusiness_Incentive_tables_information.pdf);  
[WA Lighting Instant Incentive Offer 9-4-2022.pdf \(pacificpower.net\)](#);  
[ExhibitA-3\\_Changes\\_to\\_WA\\_NonLighting\\_Incentive\\_Offer\\_1-2023.pdf \(pacificpower.net\)](#)

<sup>28</sup> [www.pacificpower.net/savings-energy-choices.html](http://www.pacificpower.net/savings-energy-choices.html)

## **Other Programs & Initiatives**

This section of the business plan includes information on the Company’s Energy Education in Schools program, a general “education only” program; NEEA, an external group partly funded through Company dollars; and the Wattsmart communications and outreach campaign.

### **Energy Education in Schools**

#### **Years of Implementation**

This “education only” program replaced the previous “education and savings” program which ran from April 2003 through June 2012. The program, “Be Wattsmart, Begin at Home”, was implemented with school presentations beginning in February 2013 (See “Year One Timeline” below under “Program Details”). Program costs are reflected in Table 6 of this plan.

#### **Program Description**

The Company has contracted with the National Energy Foundation (NEF) to implement the Be Wattsmart, Begin at Home program in schools during the 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2021-22, 2022-23, 2023-24, and 2024-25 school years<sup>29</sup>.

Program costs fall under Paragraph (7) (c) in Order 01 of Docket UE-210830, Conservation Efforts without Approved EM&V Protocol, where the Company can spend up to ten (10) percent of its conservation budget on programs whose savings impact has not yet been measured provided the overall portfolio of programs still pass the Total Resource Cost as described in Paragraph (8) (a) of the same Order 01.

NEF is a non-profit corporation with more than 45 years providing energy education and awareness. The mission of NEF is to “cultivate and promote an energy literate society”.

#### **Evaluation Information**

As this is an “education only” initiative, no third-party impact evaluation is anticipated beyond verification that the program is being delivered as reported. See “household audits cards” in “Program Details” section below.

#### **Program Details**

The centerpiece of the program is a series of 40-to-60-minute 4<sup>th</sup> grade appropriate presentations to educate students on core electricity components and efficient use, including the importance of energy efficiency and how students can become more energy efficient. The targeted grade level is 4<sup>th</sup> grade based on curriculum correlations with the Washington Office of Superintendent of Public Instruction Learning Standards. Typically, the school visit includes a custom designed presentation and hands-on group activities. Teachers receive a packet of instructional materials in advance of the school presentations to assist with energy literacy education. If teachers can’t complete the program with an in-person presentation, NEF provides an option for the program to be completed with a pre-recorded presentation.

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<sup>29</sup> The current contract goes through school year 2027-28.



The school presentations are designed to get students “thinking” about energy and energy efficiency. In addition, an integrated follow-up to the school presentations will be provided through a home audit and household audit activity that is intended to provide students and their parents with an opportunity to “act” on the information they have learned. Students are provided informational booklets and a household audit activity to fill out regarding the energy use and energy efficiency topics they were taught. Students return the household audit report to their teachers, who in turn submit them to NEF. NEF provides teachers with an incentive for collecting the household audit cards. Each teacher returning at least 80 percent of their students’ completed household audit cards receive a \$50 mini-grant. Those returning 50-79 percent of the household audit cards receive a \$25 mini-grant. The data is summarized and reported to determine energy efficiency behavioral data and other program participation information.

#### Program Metrics per Year

Total number of schools:	approximately 47
Total number of students:	approximately 3,650
Percent of eligible schools reached:	approximately 80 percent
Total teachers	approximately 150
Target return rate - Home Energy Worksheets	approximately 60 percent

#### Anticipated Outcomes

- Teachers, students, and families become more energy literate, particularly in the understanding of energy efficiency.
- Teachers, students, and families learn to become responsible energy stewards for the future of their community and state.
- Teachers, students, and families make a commitment to use energy more wisely at home, at school, at work, and in the community.
- Teachers, students and families will have a greater awareness of what it means to be Wattsmart, and the resources available to them.
- A culture of energy efficiency will be developed among teachers, students, and families.
- Families will become more aware and motivated to take advantage of energy efficiency programs provided by the Company.
- Data will be gathered, analyzed, summarized, and reported regarding student sharing of energy efficiency messages with their family, home energy use, energy efficiency practices, and how the program is achieving its anticipated outcomes.

## Northwest Energy Efficiency Alliance

### Years of Implementation

NEEA has been serving the Northwest region of Oregon, Washington, Idaho, and Montana since 1997.

### Program Description

NEEA is a non-profit corporation supported by, and working in collaboration with, the Bonneville Power Administration, Energy Trust of Oregon and more than 100 Northwest utilities including Pacific Power.

### Program Details

NEEA works in collaboration with its funders and other strategic market partners to accelerate the innovation and adoption of energy-efficient products, services, and practices.

Costs includes both Pacific Power’s direct funding of NEEA and the Company’s internal management costs. NEEA 2024 and 2025 forecasted expenditures are based on Pacific Power’s share (2.553% in 2024; 2.559% in 2025) of the estimated annual costs provided by NEEA staff in August 2024.

The updated 2024-2025 electric savings forecast in this plan was provided by NEEA in August 2024 (see table below) and includes savings above the Council’s 2021 power plan baseline and excludes the estimate from savings from local programs including those operated by Pacific Power and the rest of the region’s utilities/program administrators. Savings from NEEA’s trackable measures category are not included in this forecast.

		0.44	0.58	1.02	3,851,715	5,042,177	8,893,892
		2024-2025 Biennium Savings Forecast (aMW) @ site			2024-2025 Biennium Savings Forecast (kWh) @ site		
		2024	2025	Total	2024	2025	Total
Residential	<b>Total</b>	<b>0.31</b>	<b>0.33</b>	<b>0.64</b>	<b>2,672,647</b>	<b>2,912,399</b>	<b>5,585,046</b>
	Ductless Heat Pumps	0.07	0.08	0.1520	609,328	722,070	1,331,398
	Extended Motor Products	0.01	0.01	0.0263	104,529	125,435	229,964
	Heat Pump Water Heaters	0.06	0.06	0.1244	521,169	568,452	1,089,621
	Manufactured Homes	0.01	0.01	0.0182	98,032	61,449	159,481
	Refrigerators/Freezers	0.05	0.05	0.1007	411,811	470,382	882,193
	Clothes Washers	0.06	0.06	0.1271	555,117	557,843	1,112,960
	Clothes Dryers	0.03	0.04	0.0693	291,967	314,898	606,865
	Room Air Conditioners	0.00	0.00	0.0045	16,354	23,295	39,649
	Televisions	0.01	0.01	0.0152	64,339	68,576	132,915
	Air Cleaners	TBD	TBD	TBD	TBD	TBD	TBD
Home Audio	TBD	TBD	TBD	TBD	TBD	TBD	
Commercial	<b>Total</b>	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>	<b>141,957</b>	<b>161,849</b>	<b>303,807</b>
	Extended Motor Products	0.01	0.01	0.0232	95,412	108,084	203,496
	High Performance HVAC	0.00	0.00	0.0009	2,907	TBD	7,802
	Luminaire Level Lighting Controls	0.00	0.01	0.0106	43,639	48,871	92,509
<b>Codes &amp; Standards</b>		<b>0.12</b>	<b>0.22</b>	<b>0.34</b>	<b>1,037,110</b>	<b>1,967,929</b>	<b>3,005,039</b>
Residential	<b>Total</b>	<b>0.07</b>	<b>0.14</b>	<b>0.21</b>	<b>605,523</b>	<b>1,200,290</b>	<b>1,805,813</b>
	Residential New Construction	0.06	0.13	0.1962	562,074	1,156,238	1,718,312
	Consumer Products (Standards)	0.00	0.01	0.0100	43,450	44,052	87,501
Commercial	<b>Total</b>	<b>0.05</b>	<b>0.09</b>	<b>0.14</b>	<b>431,587</b>	<b>767,639</b>	<b>1,199,226</b>
	Commercial New Construction	0.04	0.07	0.11	319,003	653,492	972,495
	Commercial Products (Standards)	0.01	0.01	0.03	112,584	114,148	226,732
Industrial	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Industrial Products (Standards)	0.00	0.00	0.00	-	-	-

NEEA's savings counting methodology (including provisions to prevent double counting) can be found in the Q2 2019 Cost Effectiveness Advisory Committee (CEAC) Packet. Advisory Committee information (including CEAC) can be found on NEEA's web site at:

<https://neea.org/get-involved/advisory-committee-resources?committeeTypes=cost-effectiveness-type>

See Appendix 3 to the Biennial Conservation Plan for more detail on NEEA's forecast and savings calculation methodology and Pacific Power's regional savings share. See the Biennial 2024-2025 Conservation Target section of the Biennial Conservation Plan for Pacific Power treatment of NEEA savings consistent with Statewide Advisory Group report filed in docket UE-171092.

In summary, NEEA's plan to accomplish this goal includes:

- Building and leveraging relationships to influence the market.
- Designing and executing strategic market interventions to expand the availability and demand for energy efficient products, services and practices.
- Identifying, developing and advancing emerging opportunities to fill the pipeline for energy efficiency.
- Delivering education and training to expand market capacity to deliver and maintain energy-efficient products, services and practices.
- Facilitating regional coordination, collaboration and knowledge sharing to align interests and accelerate energy efficiency efforts.
- Demonstrating and promoting the value of energy efficiency to increase demand.
- Developing market intelligence and resources to help NEEA partners achieve their goals.
- Advancing the adoption and implementation of increasingly efficient energy codes and standards to lock in long-term savings.

NEEA's initiatives are outlined in the 2020-2024 and 2025-2029 Business and Strategic Plans and annual reports. More information on NEEA's initiatives and business and strategic plans can be found on the NEEA website:

- Market Transformation Programs  
<https://neea.org/our-work/programs>
- Strategic and business plans for 2020-2024  
<https://neea.org/resources/neea-2020-2024-strategic-and-business-plans>
- Strategic and Business Plans for 2025-2029  
[Northwest Energy Efficiency Alliance \(NEEA\) | Draft 2025-2029 NEEA...](#)

## **Customer Outreach and Communications**

### Years of Implementation

In 2011, the Company implemented Wattsmart, the demand-side management communication and outreach campaign. The Wattsmart program was put into action to meet the program design principal conditions of Order 02 in Docket UE-100170 specific to energy efficiency program outreach.

### Program Description

The conditions for outreach for programs required Pacific Power to establish a strategy for informing participants about program opportunities. The Wattsmart communications campaign was designed to create awareness of the importance of being energy efficient and to help increase participation in the Company's demand-side management programs. The programs are funded through the system benefit charge adjustment (Schedule 191) collected on customer bills.

PacifiCorp is working to address cultural barriers and embrace cultural differences by obtaining a deeper understanding of the communities within its service area. PacifiCorp's EAG has advised that the Company needs to further its understanding of different communities so that we can refine and enhance our mechanisms for outreach and communication, which is why we are exploring new advertising channels to better reach Spanish-speaking customers more directly in their communities. PacifiCorp continued to increase awareness and participation in Pacific Power's Wattsmart energy efficiency programs by working closely with a multicultural marketing agency to develop an earned media plan that will connect, resonate and strengthen media and customer relationships to reach the Hispanic community using culturally relevant messaging and content. Through contacts with community organizations, we are continually learning and working toward accommodating cultural differences along with continuing to nurture relationships with local chambers of commerce to better reach communities.

### Program Details

Provided in the table below is a summary of the media channels that were used to deliver the Wattsmart campaign in 2024.

Communication Channel	Value
TV/OTT (over-the-top)	Ads targeting both residential and business customers were featured throughout the year.
Radio	Radio for Wattsmart residential and business campaigns ran for several months during the year in English and Spanish. For the residential audience, two Spanish-only flights ran in Q2 and Q3, totaling 400 spots. Business ads ran from April through September in English and Spanish. Stations for the residential campaign included KZTA-FM and KZTB-FM. The Business station was News Talk. KIT-AM.

Cable	Cable advertisements for the Wattsmart residential campaign ran throughout the year. The content of the ad was energy efficiency incentives, winter heating, and summer cooling messages.
Social media ads and content	Other interactive campaign elements such as online media and social media work with traditional media to enhance the campaign by driving traffic to the program websites. Ads run on Facebook and Instagram. Energy efficiency content is typically shared through our channels a few times per month.
Other Online	Digital advertising helps increase awareness of energy efficiency and programs. Some examples include banner ads on regional news websites, and entertainment platforms, using behavioral and/or demographic ad targeting, and pay-per-click ad placements.
Multicultural Outreach and Earned Media	Radio, television, and Facebook live interviews with local networks, publication of print and email articles, and partnerships with local community influencers to help disseminate messages.
Public Relations	Pitched and earned coverage on case studies, including Tammy’s Kitchen and Yakima Union Gospel Mission Wattsmart Business case studies.
Business Energy Reports	Business Energy Report monthly emails began in September 2022. Customers receive ongoing monthly emails containing personalized energy usage insights, energy-saving tips and links to Wattsmart programs. The emails have an average open rate of 40% and a click-thru rate of 2%.

The 2024 Communications and Outreach plan was reviewed with the Demand-side Management Advisory Group in December 2023. The 2024 plan continues to include a multicultural outreach effort, along with some cable TV, digital, social, radio and OTT (over-the-top) advertising.

The Company’s 2023 research showed that among respondents 76% (residential) and 65% (non-residential) think Pacific Power is doing a good job of offering solutions to help customers use energy more efficiently. Similarly, 77% (residential) and 64% (non-residential) report the Company is doing a good job of providing information on how to control electricity costs.

Among residential customers, 45% recall seeing, hearing or reading about the “Wattsmart” energy efficiency program. Among non-residential customers, 39% report the Company is doing a very good job of providing information about products and services that are of value to the organization/business. Ninety-four percent of business customers feel it is very important or somewhat important to offer customers programs to help them conserve energy.

More than 59% of residential and 37% of non-residential respondents report taking action to reduce their energy use in the past year. Of those taking action, the most common actions are installing energy-efficient lighting, turning off lights more frequently, and reducing heating thermostat settings.

The primary reason customers are acting is to save money.

The objectives of the communications and outreach campaign in 2025 are to continue to increase awareness of the availability and benefits of energy efficiency programs, cash incentives and resources to boost participation and achieve energy conservation targets in Washington.

In 2025, the Company will revisit the residential and business creative, and develop a fully-integrated campaign to capture the attention of customers and empower them to participate in energy efficiency to meet their goals. We intend to continue to utilize media channels that reach our business and residential customers and will look at new methods of targeting different demographic groups. The Company plans to create new business focused case studies and advertising to amplify customers who are benefitting from the Wattsmart Business program and encourage other businesses to pursue energy efficiency upgrades to boost their bottom lines, enhance their workplaces and realize other benefits.

Proposed adjustments for the 2025:

Communication Tactic	2025
Television/OTT (over-the-top): A selection of ads may be rotated for 30-second and 15-second spots. This could also include cable TV.	Continue to develop and refine messaging based on customer research, program goals and the current economic climate.
Radio: Some radio stations on which campaign spots will air include KZTB-FM (Regional Mexican), KIT-AM (news talk) KZTA-FM (Regional Mexican), KDNA-FM (Regional Mexican)	Continue to refine messaging based on customer research, program goals and the current economic climate. Adjust Spanish paid messaging to reflect culturally relevant messaging.
Web: English pages: PacificPower.net/Wattsmart and/or BeWattsmart.com PacificPower.net/wasave	Continue to simplify the web pages and get the customers to the information they are looking for easily. Add more content and further refine existing Spanish-language energy efficiency pages and assets (such as downloadable brochures).

Spanish pages: PacificPower.net/Invierno PacificPower.net/Verano PacificPower.net/Negocios	
Facebook/Instagram/LinkedIn	Information and tips posted a few times per month. Promoted video, static posts and mobile ads will be added where appropriate. Promote business case studies, to get additional awareness and engagement.
Digital	Include video and static banner ads on local sites, blogs, behavioral ad targeting, and pay-per-click ad placements and digital search for business customers.
Public Relations Capitalize on existing assets and tools to deploy news media outreach and consumer engagement efforts that are aligned with marketing (corporate) objectives.	Pitches will be focused on promoting business case studies and seasonal messaging.
Multicultural Outreach and Earned Media	Continue radio and television interviews with local networks, publication of print and email articles, and partnerships with local community influencers to help disseminate messages.
Case studies	Continue to develop and promote case studies using above channels
Business Energy Reports	Continue to email Business Energy Reports to offer usage insights, links to programs and case studies as well as personalized no-cost, low-cost energy-saving tips.

Given the dynamic nature of communications, the Company will review the proposed plan with the demand-side management advisory group in the fourth quarter of 2024 and seek their comments as well as the Equity Advisory Group’s comments to shape the final 2025 plan.

## **Distribution Efficiency**

Background and approach described in the 2024-2025 Biennial Conservation Plan<sup>30</sup>:

“Distribution efficiency in this plan continues to build upon the Company’s migration to the new CYME<sup>31</sup> distribution analysis software, projects completed and the on-going process of updating the CYME distribution analysis model with actual field measurements. Throughout the year, and especially as scheduled planning studies are performed, connectivity corrections and equipment ratings and settings are being researched, verified and input. This process competes for time from engineers performing other routine work. The combination of CYME and updated model information will enable more robust analyses of complex scenarios and the assessment of cost-effective, efficiency projects on the distribution system such as Volt Amperes Reactive (VAR) reduction.

Two projects identified for the 2022-2023 biennium were completed and a third, the Wiley Substation feeder 5Y164 reconductor and voltage optimization project, was re-scheduled to be complete by end of year 2025. The estimated annual energy savings for this project is 227 MWh (at site) and is included in the target in 2025.

The company followed a similar process to the one used for the last biennium to identify new distribution efficiency opportunities for 2024-2025. Of the five potential circuits identified for improvements, none passed economic screening, so there is no additional savings beyond the 227 MWH to add to the 2024-2025 target.

The approach and proposed addition of 227 MWH to the target was shared with the DSM Advisory Group during the 2024-2025 target setting process.

Ahead of the next biennial period (2026-2027), the Company proposes the following approach and schedule to identify opportunities to inform a multi-year forecast.

- Using CYME, screen all circuits with less than 0.95 power factor for volt VAR opportunities by Oct 1, 2024.<sup>32</sup> Provide list of circuits within the range in the 2025 annual conservation plan due in draft by October 15, 2024 and final November 15, 2024.
- Using CYME, conduct detailed analysis on circuits within range in prioritized manner based on circuit total annual MWh usage Feb 1, 2025.
- Estimate costs of implementation and conduct economic analysis by May 1, 2025.
- Provide forecasted costs and savings by year for 2026 -2035 by July 1, 2025.

Note – the Distribution System Planning team will be forming a Washington Distribution Planning Advisory Group, and this could result in changes to the approach outlined above.”

### 2025 Annual Conservation Plan update:

- The final list of circuits with power factor less than 0.95 is provided in the table below.

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<sup>30</sup> Content in quotations is copied from 2024-2025 Biennial Conservation Plan, pages 7-8 (Docket UE-230904)

<sup>31</sup> CYME is a Power Engineering software program provided by EATON

<sup>32</sup> Over the last planning cycle (five years), approximately 30% (or 44) circuits of the 142 circuits have shown some combination of voltage violations and/or lagging power factor and/or operational issues.



Substation	Circuit	Power Factor at Summer Peak	Power Factor at Winter Peak
Grandview	5Y303	0.92	0.96
Union Gap	5Y120	0.94	0.98
Union Gap	5Y159	0.94	0.96
Wapato	5Y203	0.99	0.93
Wapato	5Y205	1.00	0.86
Wenas	5Y600	0.94	0.99
White Swan	5Y218	0.93	0.99
White Swan	5Y690	1.00	0.90

## **Production Efficiency**

### Background and approach described in the 2024-2025 Biennial Conservation Plan:

“Facilities allocated to Washington under the Washington Inter-Jurisdictional Allocation Methodology (WIJAM) include:

- Wind: Glenrock/Rolling Hills facilities, Seven Mile Hill 1 and 2, Dunlap, High Plains and McFadden Ridge, Foote Creek Rim, Ekola Flats, TB Flats 1 and 2, Cedar Springs 2, Pryor Mountain, Marengo 1 and 2, Leaning Juniper, Goodnoe Hills
- Thermal: Jim Bridger (coal), Chehalis, Hermiston, and Colstrip (coal)

Detailed studies of opportunities at these plants have been completed in prior periods<sup>33</sup> and were updated for this 2024-2025 Biennial Conservation Plan. Economic screening was performed by generation engineering using the same methodology used to screen investments intended to be recovered in rates. Results and updates were shared with the DSM Advisory Group in June, July and August 2023.

#### Production Efficiency – Thermal Plants

Opportunities at coal fired plants allocated to Washington, Jim Bridger and Colstrip, were not considered in this period since they will be removed from the allocation at the end of 2025 per CETA. They were not considered in the prior period (2022-2023) either for the same reason.

The engineering studies performed for the two gas fired generation plants, Chehalis and Hermiston, in 2011 were updated recently in 2021 by Cascade Energy Engineering and are included in Appendix 5.

At the time of the 2022-2023 Biennial Conservation Plan, based on the 2021 study, no opportunities existed for Chehalis, and two Hermiston projects passed for proposal to the joint

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<sup>33</sup> Starting in 2011 and completed in 2012, Cascade Energy completed studies at seven of the eight non-hydro facilities that serve Washington customers. Cascade Energy updated the study for Chehalis and Hermiston in 2021 for the 2022-2023 Biennial Conservation Plan.

owners – lighting and compressed air. Since this time, the lighting upgrades identified for Hermiston are either complete or projected to be completed in 2023. The company anticipates reporting savings for these projects in 2023, and there are no other lighting savings opportunities at Hermiston. The company revisited the economics of the compressed air opportunity identified for Hermiston and it is still not economic at this time in 2023.

As a result, the Company is not forecasting any cost-effective, reliable and feasible production efficiency from thermal plants during the 2024-2025 period, and thus, no savings from production efficiency (thermal) are included in the Company’s 2024-2025 Biennial Conservation Target.

#### Production Efficiency – Wind

The Goodnoe Hills Wind Project was included in the 2011 production efficiency study, and the estimated savings was very small, so the focus for production efficiency was on thermal plants for the next several biennial periods. The lighting at Goodnoe Hills was updated to LED since the study. Based on questions/interest in revisiting wind production efficiency, the company completed an assessment in 2023. The analysis included an assessment of opportunities and economics for wind generation facilities with an allocation to Washington according to the WIJAM. The updated assessment was completed by Cascade Energy Engineering and is included in Appendix 5. Opportunities identified included lighting and heat pump water heaters. For lighting, many of the buildings already had LED lighting, but some could benefit from lighting upgrades and/or controls. Of the buildings with savings potential, the company identified those likely to be completed in 2024-2025 based on the plans for the sites and project economics. The savings potential is very limited, especially once the Washington allocation is applied<sup>34</sup>, but the company included 1,260 kWh (at the generator) in the target for wind production efficiency (half in 2024 and half in 2025). The assessment results and the plan for the target were shared at the DSM Advisory Group meeting on August 31, 2023.”

### **2025 Annual Conservation Plan update:**

#### Production Efficiency – Thermal

As documented in the 2023 Washington Annual Report on Conservation Acquisition<sup>35</sup>, several (but not all) production efficiency lighting improvements were completed at the Hermiston generating facility in 2023.

The Hermiston generation plant will continue to upgrade other lighting fixtures as time allows with the intent to be 100% converted to LEDs by 2024.

#### Production Efficiency – Wind

Installations completed so far in 2024:

- Installed LED lighting in shop and office areas in the Operations & Maintenance buildings at Marengo, Goodnoe Hills, and Leaning Juniper in August 2024.

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<sup>34</sup> The Washington allocation of wind facilities is assumed to be 7.5% for the biennial period.

<sup>35</sup> Docket 210830, 2023 Washington Annual Report on Conservation Acquisition, revision 6/21/2024, page 22.

- Replaced standard (tank) water heaters with on-demand water heaters at Marengo, Goodnoe Hills, and Leaning Juniper in August 2024.

Installations in progress or under consideration:

- Install LED lighting at remaining Operations & Maintenance buildings by end of 2024.
- Install occupancy sensor lighting controls where appropriate.

## **Cost Effectiveness**

### **2024-2025 Portfolio**

The cost effectiveness of individual programs proposed for the 2024-2025 biennium period and the portfolio views described below were assessed based on forecasted expenditures and energy savings.

Cost effectiveness is provided at the following levels:

- Individual program<sup>36</sup> or initiative<sup>37</sup> level
- Residential energy efficiency portfolio (Company programs)
- Non-residential energy efficiency portfolio (Company programs)<sup>38</sup>
- Total Company portfolio with portfolio costs added
- Total Company portfolio with portfolio costs and non-energy impacts added
- Total Company portfolio with portfolio costs and NEEA added
- Total Company portfolio with portfolio costs, NEEA and non-energy impacts added

Forecasted energy savings utilized in this analysis are gross savings and the impact of line losses is indicated with an “at site” or “at generation” designation. Line losses for retail customer programs are based on the Company’s 2018 line loss study.

Consistent with the rules<sup>39</sup> and staff direction, cost-effectiveness for the low-income weatherization program will not be assessed at a program or portfolio level. Reporting for the program will include number of residences weatherized, number of measures installed, energy savings and total expenditures.

All cost effectiveness calculations utilize a Net-to-gross ratio of 1.0 consistent with the Council’s methodology and 8(a) of Order 01 in Docket UE-230904. The energy savings attributed to each program are shaped according to specific end-use savings (the hourly calculation of when energy is used for the various end-use measures from which the savings are derived). Program costs and the value of the energy savings are then compared on a present value basis with the 2023 IRP preferred portfolio (W-10 SC CETA) proxy decrement values described below.

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<sup>36</sup> Home Energy Savings, Home Energy Reports

<sup>37</sup> NEEA

<sup>38</sup> Wattsmart Business

<sup>39</sup> WAC 480-109-100 10(C)

The Company derived energy efficiency avoided costs (known as decrement values) from the preferred portfolio in the 2023 IRP filed on May 31, 2023. The passage of Senate Bill 5116 enabling CETA requires the use of the social cost of carbon and expanded use of non-energy impacts (NEI's). The Company broadly incorporated NEI's from a literature review study conducted by DNV for PacifiCorp measures and applied and valued in consultation with the Company's DSM advisory group. These (\$/MWH) NEI's were used to generate energy efficiency selections to begin the target setting process. Two types of NEI's are included in the program and portfolio cost effectiveness calculation: measure level NEI's from the DNV study and those from the Regional Technical Forum which are also included in the measure forecast. The cost effectiveness memos provide tabular display by program of the values. This approach is similar to prior biennial periods. The NEI values will also be utilized to provide information on the distribution of non-energy impacts in the CEIP and in assessing cost effectiveness for the 2024 and 2025 results.

The decrement process starts with the premise that the highest cost Washington energy efficiency bundle selected in each year in the preferred portfolio establishes the value of the energy efficiency. It is assumed that the cost and value of the highest cost bundle are equal. This is a reasonable premise as the absence of selections from the next higher cost bundle indicates that higher cost bundles are not economic. The next step is to spread the value across the year such that the hourly values and the load profile of the highest cost bundle are equal to the bundle cost. This accounts for the variations in energy and capacity values over the course of a year. The energy price component is built up from the Company's marginal costs, and includes energy, avoided ancillary service costs, and the value of stochastic risk reduction. The energy value reflects the locational marginal price in Washington and reflects either the marginal market purchase or marginal resource costs, including the social cost of carbon for any incremental emissions from the Company's resources. The capacity price component is built up from the Company's avoided generation, transmission, and distribution costs. Capacity value is based on the net cost of a non-emitting peaking resource and is allocated to high-cost hours in each year, because high-cost hours indicate that available resources are limited and shortfalls could occur. The benefits also include a 10 percent credit consistent with the Northwest Power and Conservation Council's modeling and the Northwest Power Act.

The result of this process is 8,760 hourly decrement values that correspond to the value of the highest cost Washington energy efficiency bundle, recognizing both energy and capacity impacts of energy efficiency savings. These hourly decrement values can be applied to any energy efficiency load profile to determine cost-effectiveness of specific programs or measures.

Costs utilized in the portfolio analysis are those with no direct energy savings attributed to them and include Energy Education in Schools, Customer outreach/communications and Program Evaluations (and savings verification).

The Measure Library (formerly called the Technical Reference Library), system support software and maintenance, and potential study update costs required by I-937 are considered initiative compliance costs rather than program costs and will not be included in the determination of the demand-side management program cost effectiveness. These costs will be included in portfolio cost effectiveness calculations.

The five California Standard Practice Manual cost effectiveness tests as modified in the Northwest were utilized in the cost benefit analysis. Additional information on cost effectiveness in WAC and the test utilized by the council is provided below.

As specified in WAC 480-109-100 “A utility’s conservation portfolio must pass a cost effectiveness test consistent with that used in the Northwest Conservation and Electric Power Plan. A utility must evaluate conservation using the cost effectiveness test consistent with those used by the council and as required by the commission except as provided by WAC 480-109-100 (10).”

The Northwest Power and Conservation Council’s 2021 Power Plan provides information on cost effectiveness on their website<sup>40</sup>. Avoided cost values and measure costs were developed and applied in a manner consistent with how the Council performed cost-effectiveness calculations, with the exception of the NEIs from the DNV study which the Council does not utilize in its modeling.

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<sup>40</sup> [https://www.nwcouncil.org/2021powerplan\\_cost-effective-methodology#\\_msocom\\_1](https://www.nwcouncil.org/2021powerplan_cost-effective-methodology#_msocom_1)

# **Appendix 1 – Portfolio and Program Cost-Effectiveness**

# **Appendix 2 – Program Tariffs**

## **Appendix 3 – Evaluation Measurement & Verification Framework**



**Appendix 4 – Home Energy Savings Program  
Definitions and Incentive Tables (program  
details)**

**Appendix 5 – Wattsmart Business Program  
Definitions and Incentive Tables (program  
details)**