PUGET SOUND ENERGY

BIENNIAL CONSERVATION PLAN

2024-2025

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Consistent with RCW 19.285.040(1) and 80.28.380, WAC 480-109-120, and requirements outlined in Appendix A of the Washington Utilities and Transportation Commission's (UTC or Commission) Order 01 in Docket UE-210822 and UG-210823, Puget Sound Energy (PSE or the Company) presents this 2024-2025 Biennial Conservation Plan (the Plan or BCP). The Plan represents programs that PSE is putting into place in order to achieve PSE's Total Utility Conservation Goal indicated in part A.5 below.

This BCP is occurring in a time of remarkable change, as the region continues to respond to the vital importance of equity, decarbonization, electrification, and Distributed Energy Resource (DER) integration.

It will be necessary to adaptively manage this plan throughout the biennium. PSE/Customer Energy Management (CEM) is committed to doing so through collaboration with the Conservation Resource Advisory Group (CRAG) and other integral advisory groups.

A. Approval of 2024-2025 Targets

Pursuant to RCW 80.28.380 and WAC 480-109-120(1)(b)(i), the Company requests that the Commission allow the Plan to become effective on Jan. 1, 2024, and approve:

1. PSE's 10-year Conservation Potential of 1,521,999 Megawatt-hours (MWh).

2. PSE's Energy Independence Act (EIA) Target of 304,400 MWh and the ramp rate-adjusted Natural Gas Conservation Potential Assessment (CPA) First Two Years of 6.54 million therms.

3. PSE's EIA Penalty Threshold of 268,702 MWh and its Natural Gas Penalty Threshold of 6.09 million therms. The Penalty Threshold removes Northwest Energy Efficiency Alliance (NEEA) from the CPA-determined savings totals.

4. PSE's Electric Decoupling Threshold of 15,220 MWh and its Natural Gas Decoupling Threshold of 304,500 therms.

5. PSE's Total Utility Conservation Goal of 397,620 MWh and 7,034,500 therms.

Additional information outlining how PSE developed its 2024-2025 electric and natural gas targets and corresponding budgets can be found in Chapter III: Regulatory and Compliance.

B. Savings, Budgets, Cost-Effectiveness

Table 0-1: 2024-2025 PSE Savings Targets, Budgets, and Cost-Effectiveness **Error! Reference source not found.**provides a comparison between the CPA-derived top-down total utility conservation goal and the Exhibit 1 program-derived bottom-up built expected portfolio savings. The Exhibit 1 portfolio savings slightly exceed the required goal, due to rounding and program capacity. Additionally, the table provides the anticipated spending for the Portfolio and the Portfolio cost-effectiveness calculations.

Table 0-1: 2024-2025 PSE Savings Targets, Budgets, and Cost-Effectiveness

	Total Utility Conservation Goal	Exhibit 1: Total Expected Savings[1]	Exhibit 1: Budgets	TRC B/C Ratio	Utility Cost B/C Ratio
Electric	397,620 MWh	408,065 MWh	$246,287,000	1.73	2.12
Natural Gas	7,034,500 therms	7,039,189 therms	$58,230,000	1.25	1.35
Total Budget			$304,518,000		

PSE conducted an extensive examination of considerations in building the 2024-2025 conservation Portfolio. Planning teams scrutinized issues such as legislative impacts, marketplace dynamics, and externalities (e.g., utility actions and partnerships, regional initiatives, regulatory requirements). PSE comprehensively evaluated the potential for new offerings through its Request for Information (RFI) and Request for Proposal (RFP) processes and internal resources affecting PSE's electric and natural gas savings targets.

In conjunction with its CRAG, PSE utilized its CPA to build up its biennial targets. A detailed target setting discussion can be found in Chapter III: Regulatory and Compliance. Individual program savings and budgets are detailed in Exhibit 1: Savings Goals and Expenditures and roll up in the sector and portfolio tabs to create the two-year conservation portfolio goals.

To demonstrate the cost effectiveness of the portfolio, Exhibit 2: Cost-Effectiveness Estimates details each program in an individual tab with cost and cost-effectiveness information for each individual measure. Program cost effectiveness is rolled up to the program level and aggregated at the portfolio level in the electric and natural gas tabs.

1 Note: The Exhibit 1 program-derived bottom-up build of portfolio savings may not exactly match the CPA-derived top-down total utility conservation goal. The Exhibit 1 portfolio savings slightly exceed the required goal, due to rounding and program capacity.

C. Key Areas of Focus

The following list highlights key areas that PSE considered while building the 2024-2025 portfolio and will continue to focus on throughout the biennium. These areas of focus help to exceed customer expectations, achieve savings goals, and ensure that PSE can sustain conservation efforts well into the future. Equity also continues to be a key area of focus, but it is not included as part of this specific list because Section D of this chapter discusses PSE's equity work, which begins immediately after this section.

PSE discusses these key areas of focus in the following sections. Additionally, applicable program discussions elaborate on specific implementations for 2024-2025.

1. Adapting to Regulations

a. Clean Energy Implementation Plan (CEIP) Order

On June 6, 2023, the Commission issued an order in Docket UE-210795 approving PSE's first Clean Energy Implementation Plan (CEIP), subject to conditions. The CEIP describes PSE's initial plan to implement the Clean Energy Transformation Act (CETA) for 2022-2025 and ensure equitable distribution of benefits and reduction of burdens to Vulnerable Populations (VPs) and Highly Impacted Communities (HICs) (VPs and HICs comprise Named Communities) as well as Named Communities with the deepest need. This BCP serves to support the requirements of the current CEIP and is attached to the 2023 CEIP biennial update for years 2024-2025.

b. General Rate Case (GRC) Settlement

On December 22, 2022, the Commission issued an order approving and adopting three partial multiparty settlements, subject to conditions, pertaining to PSE's previous GRC. As relevant here, the Commission's order approved a revenue requirement settlement that includes stipulations pertaining to PSE's CEM department. Specifically, following robust engagement and consultation with parties to the settlement in the first part of 2023, PSE developed a Targeted Electrification Pilot program. The Pilot will attempt to engage with 10,000 customers in at least two of the following ways: they will receive an in-home electrification assessment, a heat pump rebate, and/or education regarding the various funding mechanisms and incentives on the horizon from both the federal and state levels. More details on the Electrification Pilot can be found in the GRC Commitment section. Consistent with the settlement, PSE will file a report detailing the results of the pilot by January 2025.

In addition, the revenue requirement settlement required that PSE create a Time Varying Rates (TVR) Pilot program. The requirement mandated CEM to provide enabling technology to half of the low-income program participants at no cost (to be funded through the Schedule 120 Conservation Rider).

The revenue requirement settlement from PSE's last general rate case also provides for a Demand Response (DR) Performance Incentive Mechanism (PIM) with reward thresholds tied to DR target achievement, per the settlement.

c. Federal and State Funding

Deployment details for federal and state funding opportunities related to conservation programs through the Inflation Reduction Act of 2021 (IRA); the Infrastructure Investment and Jobs Act (IIJA) (Public Law 117-58, also known as the "Bipartisan Infrastructure Law" [BIL]); and state legislation such as the Climate Commitment Act (CCA) are slowly beginning to emerge. Guidance has been steadily issued by the U.S. Department of Energy (DOE) and other federal agencies as well as Washington State agencies on individual program grants, loans, and incentives. In general, PSE will continue to advocate for program requirements that align with its existing program portfolio and is eager to partner with the Washington State Department of Commerce (Commerce) and peer utilities to identify the best co-deployment of funds for customers, especially those in Named Communities and who are energy burdened.

Commerce issued a Request for Information (RFI) in September of 2023 to officially gather recommendations and insights from the marketplace (e.g., utilities, building owners, public agencies, advocacy organizations, equipment distributors, contractors, etc.) regarding 24 energy programs that use these and other funds. PSE responded to this RFI to provide Commerce with advice on co-deployment with PSE programs and program priorities, where appropriate. PSE will continue to work with Commerce to provide market and program insights and expertise and expects funds to begin flowing in mid-to-late 2024. Its programs will ultimately deploy both federal funds as well as state budget funds (from revenues from the CCA auctions, for example).

PSE is actively monitoring other funding sources available from state and federal programs such as State-Based Home Energy Efficiency Contractor Training Grants. PSE is eager to provide its contractor expertise built through its trade ally connections with Commerce to determine how these funds might be deployed to strengthen the workforce for efficient product adoption, especially in Named Communities.

IRA Home Efficiency and Electrification Rebates

In July 2023, the U.S. Department of Energy (DOE) released guidance (program requirements and the application instructions) on the Home Efficiency and Electrification Rebates grant program, a year after the IRA was approved. PSE closely monitored this development and is in the process of assessing the best actions to ensure program activities align with the requirements outlined by the DOE, such as the ones outlined below. In addition to IRA-based home rebate grants, the State of Washington allocated funds for heat pump programs. Commerce's RFI highlighted Commerce's intentions to utilize these funds, and PSE's response included advice on program deployment specific to these rebate programs.

PSE's 2024-2025 biennium actions related to federal and state funds:

- PSE will align residential program priorities with outlined efficiency and electrification projects. These program priorities are:
  - Low-to-moderate income programs: Efficiency Boost, Low Income Weatherization, and increased incentives for Multifamily New Construction and Retrofit
  - Space Heat
  - Water Heat
  - Weatherization
  - Targeted Electrification Pilot (funded outside of the Schedule 120 Conservation Riders)

- PSE will seek clarity on the home efficiency audits for efficiency rebates and limited electrification assessments for qualified electrification projects. Home efficiency audit requirements outlined by the DOE are extensive and PSE will be working with the State to assess the most effective deployment of the audits. Additionally, PSE is currently running Home Electrification Assessments as part of its Targeted Electrification Pilot and is exploring how they might be augmented to prequalify for Inflation Reduction Act (IRA) electrification rebates.
- PSE will work with the Washington State Energy Office and peer utilities as more guidance is released to provide the best experience for customers.

IIJA/BIL and Funds Related to Low Income Weatherization

New funds for Low Income Weatherization will primarily come from the State Weatherization Assistance Program (WAP) and are being used by Commerce as a federally leveraged funding source to support increased weatherization via the agency network across the state. New funds for low-income weatherization programs include funds allocated in the BIL, specifically for WAPs as well as the low-income tract of IRA Home Efficiency and Electrification rebates that may strengthen the state WAP or provide an alternate path for low-income customers.

2. Coordination and Co-Deployment Efforts

PSE continues to refine its holistic approach to guiding customers through conservation, DR, and PSE's many other customer touchpoints. This includes long-standing co-deployment efforts including:

- partnering with neighboring utilities, which are mentioned in several programs such as Residential Midstream HVAC and Water heat, Single Family Water Heat, and Small Business Direct Install (SBDI); and
- PSE's Trade Ally Network (TAN), which support customers' connections to conservation products, solar, CTA-2045 communication boxes, and electric vehicle (EV) charger installers.

In an effort to streamline customer access, these co-deployment efforts include PSE's Marketplace as a vehicle to deliver programs to customers, including a streamlined deployment of Efficiency Boost rebates.

a. Demand Response

In the 2024-2025 biennium, PSE will co-deploy its existing conservation and new Demand Response (DR) programs via promotional messaging that explains the different incentives and benefits customers can receive for smart thermostats while also delivering a smooth customer journey on the PSE Marketplace. Customers will be able to purchase smart thermostats from the Marketplace, and, if they are eligible for an efficiency rebate, they will get an instant discount at the point of sale. Customers will also be invited to enroll their new thermostat in the FlexSmart program. If they choose to enroll at the point of sale, then PSE, the DR implementer, and the thermostat original equipment manufacturer (OEM) will coordinate behind the scenes to enroll customer devices upon installation. The customer will receive the FlexSmart incentive upon installing the product and setting up their account with the thermostat OEM.

PSE has designed inclusive programs that lower the barriers to entry and participation through Behavioral Demand Response (BDR). The implementation of these programs will maximize the number of PSE customers who are eligible to participate in and receive energy benefits from DR. For the 2024-2025 biennium, the PSE Marketplace will be designed and built to meet the changing needs of PSE customers. While the website will continue to offer instant rebates on Smart Thermostats, it will also make it easy for customers to locate installers to help them install their new thermostat. In support of PSE's future DR efforts, the site will also offer the communication hardware necessary for PSE's Virtual Power Plant (VPP) to communicate with newer, electric water heating devices such as heat pump water heaters (HPWHs). This will allow customers with these devices to enroll them in PSE's DR program. The devices are CTA-2024 units that plug into the water heaters. PSE will rebate these items at 100 percent so they will be free to PSE customers. Further details can be found in the PSE Marketplace and DR sections of Exhibit 3: Program Details.

PSE will continue the Targeted Demand Side Management (Targeted DSM) efforts that emphasize the co-deployment of conservation and DR as a Non-Wire Alternative (NWA) and Non-Pipe Alternative (NPA) to capacity-constrained areas. Targeted DSM is a CEM initiative to identify localized conservation and DR potential, develop plans to achieve a defined percentage of that potential, and then implement those plans to deliver identified energy efficiency and capacity savings. For more information on PSE's TDSM efforts, view Section C: Targeted Demand-Side Management of Chapter V. Regional Programs in Exhibit 3: Program Details.

b. City of Lacey Partnership

In August of 2023, PSE launched a partnership with the City of Lacey to match PSE's energy efficiency rebates for Single Family Weatherization, Water Heat, Heat Pumps, Furnaces, Smart Thermostats, and Home Appliances. Due to the partnership, residents are eligible to receive double the potential rebate amount for qualifying equipment

installations when they apply via PSE's online portal. If residents have qualifying equipment that was installed after August 4, 2023, they automatically receive two rebates due to PSE's rebate processing system and validations.

c. Electric Vehicle Level 2 Partnership

PSE is adding Electric Vehicle (EV) Level 2 Chargers to its Transportation Electrification Equipment rebates. Delivery is enabled by the Transportation Electrification Service Rider, which is being co-deployed with the PSE Marketplace and CEM rebate processing system. CEM claims kWh savings without additional Schedule 120 Conservation Rider-funded rebates.

3. Public Engagement

PSE proactively engaged with the public, vendors, and regulatory interested parties in the development of this Plan. PSE will continue to incorporate feedback and input throughout the biennium as form of adaptive management.

a. IRP Advisory Group

PSE held 15 public Integrated Resource Plan (IRP) webinars in order to inform and consult interested parties during the 2023 Gas Utility IRP and Electric Progress Report cycle. PSE engaged the Cadmus Group to conduct the CPA, who incorporated changes in the energy efficiency analysis since the completion of PSE's previous CPA in 2021. PSE also discussed the CPA early in its planning process with CRAG members. PSE and Cadmus presented CPA results and solicited feedback on September 13, 2022. Substantive changes to CPA data included:

- load and customer forecasts
- updated customer segmentation
- PSE measure case and RTF unit energy savings (UES) updates
- Northwest Power and Conservation Council (NWPCC) 2021 Draft Plan updates
- program accomplishments
- updates based on new codes and standards
- avoided energy and transmission and distribution (T&D) data
- climate change adjustments
- incorporating non-energy impacts (NEI)
- demand-side resource potential for Named Communities
- additional equity considerations

b. Request for Information and Proposals

PSE released a Request for Information (RFI) on December 9, 2022, to solicit vendor feedback and input for new or innovative conservation measures, ideas, or programs. The

RFI focused on the key priorities for PSE and responses were limited to five pages with attachments.

PSE reviewed all RFI details internally and developed an “Idea Library” that could be referenced by program staff during the planning process. Any of the ideas (whether parts of, or entire programs) were available to be adapted into programs or included in a Request for Proposals (RFP).

In May of 2023, PSE released its Energy Efficiency RFP to solicit proposals for the renewal of existing energy efficiency services as well as new offerings for the 2024-2025 program years. In all, proposal were solicited for 15 services in these sector topic areas:

- Commercial Audit Services
- Commercial and Industrial Virtual Engagement and Commissioning
- Commercial New Construction Whole Building Energy Model Review
- Direct to Consumer Retail
- Efficiency-as-a-Service
- Electric Vehicle Chargers
- Engineering and Sub-Metering services
- Healthcare Strategic Energy Management
- Large Power Users — Industrial and Large Commercial
- Residential
- Small Commercial
- Smart Thermostats
- Space Heat
- Weatherization
- Web-Based Incentive Calculation Tools

PSE received 39 proposals in total and conducted bidder interviews between July 24 and Aug. 31. PSE identified apparently successful vendors by mid-September and began contract negotiations.

c. E Source

E Source is a research, consulting, and data science firm that PSE engaged to prepare a DSM portfolio strategy in line with its 2030 goal of net zero electric carbon emissions. E Source aided PSE in its efforts to meet its milestones building toward the November 1, 2023, BCP filing and introduced the Company to new and innovative approaches in the realms of energy efficiency, DR, and beneficial electrification.

The E Source team began its work by conducting a current state assessment designed to gain background and analyze existing practices among PSE team members and leadership to understand how innovative ideas are identified, vetted, and brought into the portfolio. E Source used this information to create an interview guide and a summary of current state findings and implications. Based on these findings, E Source conducted an industry scan and benchmarked PSE’s goals, comparing and aligning them with several forward-looking companies whose goals and targets are similar to PSE’s.

From its findings, E Source created a list of detailed recommendations for PSE to use as a means of positioning itself positively alongside potential policy, technology, and market trends that incorporated topics identified throughout the project.

d. Conservation Resource Advisory Group

PSE maintained a close collaboration with its Conservation Resource Advisory Group (CRAG) throughout the BCP development process. CRAG members represent a broad spectrum of public policy interests and customers, including low-income, small businesses, and large power users.

Meetings were held to discuss the development of the 2024-2025 BCP on March 15, June 7, July 26, August 30, September 27, and October 18, 2023. During these meetings, CRAG members provided advice on PSE's draft savings targets, budgets, program details and tariff revisions. Additionally, some CRAG members also participated in the Integrated Resource Planning Advisory Group (IRPAG) and CPA Technical Advisory Group meetings.

During the 2024-2025 biennium, PSE will continue working closely with CRAG members on program developments and energy efficiency-related issues as they emerge.

e. Equity Advisory Group

Since 2021, the Equity Advisory Group (EAG) has helped PSE seek perspectives from and broaden engagement with the communities it serves, including frontline communities of low-income people and Black, Indigenous, and People of Color (BIPOC). The members of the EAG share perspectives from their lived or working experiences related to environmental justice, tribal interests, HICs, VPs, social services, and affordable housing. The insight gained through collaboration with the EAG is vital to PSE's ongoing equity work and planning processes. In 2022 and 2023, PSE welcomed new EAG members as other member terms ended, and both new and returning members have helped to deepen PSE's perspectives in the clean energy transition.

CEM Presented at the EAG

Throughout 2023, the EAG met on January 23, January 30, February 13, March 20, May 15, June 12, July 17, August 7, September 18, and October 16, with plans to convene on November 13. While many topics were presented by various committee members, key topics presented by PSE included the "Leading with Equity" strategy and blended elements, the proposed Disparities and Root Factors Report that will be part of the CEIP's biennial update, and the "P2" Public Participation Plan's content, focus, and general strategy.

Joint Advisory Group Meetings

On August 8, 21, and 23, the EAG met alongside CRAG members and members of PSE's Low Income Advisory Committee (LIAC). These joint conversations centered on establishing how at least 30 percent of energy benefits will be distributed at the tranche level (DER, DR, energy efficiency programs) among customers within Named Communities. Also discussed was setting a percentage of benefits delivered to a subset of

customers in Named Communities who are considered to have the “deepest need” as required by Condition 20 in the Commission’s Order 08 approving the CEIP in Docket UE-210795.

D. Equity Focus

The Clean Energy Transformation Act (CETA) requires electric utilities to reach 80 percent clean electricity by 2030.[2] To ensure that all customers are benefiting from the transition to clean energy, CETA requires—among other things—that utilities ensure that all customers benefit from the transition to clean energy. That mandate is achieved through the equitable distribution of energy and non-energy benefits and reduction of burdens to Vulnerable Populations (VPs) and Highly Impacted Communities (HICs); long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.[3]

1. Customer Energy Management’s Equity Strategy

The CEM department is committed to the equitable distribution of energy benefits and burdens (or distributional justice) across all community segments within PSE’s service territory. Even before CETA, CEM programs included equity as a consideration, resulting in notable efforts over the years including partnerships on the Low-Income Weatherization program; designing and implementing direct-install programs to serve the unique needs of residential and business customer renters; and increasing incentives for moderate-income customers via many of CEM’s residential programs.

As noted above, CEM derives its distributional equity goals and metrics from CETA[4] and from the recent UTC decision on PSE’s CEIP. In the 2024-2025 biennium, CEM expects to deliver customer benefits outlined in Table 0-3: Named Communities Distributional Equity Two-Year Target and Table 0-4: Deepest Need Distributional Equity Two-Year Target in part 4 of the Equity Focus section to Named Communities. As defined by CETA, Named Communities are comprised of HICs and VPs. The CEIP Order directed PSE for the 2023 Biennial CEIP Update to define a sub-segment of customers with “the deepest need” found among HICs and VPs and designate a minimum percentage of benefits to flow to them.

Leading with Equity is CEM’s strategy and commitment to provide “equitable distribution of energy benefits and reduce burdens to VPs and HICs.” This strategy also ensures no future inequities are created and that Named Communities are an active and engaged community within PSE’s clean energy journey.

[2] RCW 19.405.040(1)

[3] RCW 19.405.040(8)

[4] RCW 19.405.040(8)

Figure 0-1 Leading With Equity Strategy

In order to make the Leading with Equity strategy a reality, PSE is collaborating with its customers to position PSE as a trusted energy partner in all the communities it serves. This is vital when ensuring that the Company takes the right actions to mitigate the impact that the clean energy journey might have on Named Communities. PSE's equity journey aligns with the final destination of environmental justice objectives listed in the Healthy Environment for All (HEAL Act) where it states: "Environmental justice includes addressing disproportionate environmental and health impacts … by prioritizing vulnerable populations and overburdened communities, [with] the equitable distribution of resources and benefits, and eliminating harm."[5]

PSE is collaborating with Community-Based Organizations (CBOs) who champion the cause of a more just and equitable society in the communities where they jointly serve. PSE's efforts take stock of the Washington State government equity initiatives under the Pro-Equity, Anti-Racism (PEAR) Plan and Playbook, as well as the 2021 State Energy Strategy adopted by the Washington State Department of Commerce (Commerce). PSE recognizes how Executive Order 22-04 instructs all agencies within Washington State's government to conduct a thorough Equity Impact Review (EIR) to assess how state agencies will increase access, equity, and inclusion in 15 equity determinants. In order for PSE to be a dependable ally and partner to a host of equity-related efforts within the State of Washington, PSE is attentive to and supportive of that broad landscape. These compounded efforts will be key in generating long-range economic benefits estimated by the Department of Ecology to range from $1.8 to $3.8 billion, due to better health and reduced healthcare costs among Washingtonians.[6]

Within the CEM department, PSE staff is adopting and implementing the following Customer-(Human) Centered model:

[5] SSSB 5141, New Section. Section 2. Pages 3 & 4.

[6] Economic Impact of Washington's Climate Policies. Department of Ecology. Frequently Asked Questions.

Key Elements of a Human-Centered Design

1. The adoption of Leading with Equity Framework that addresses Recognition, Procedural, Distributional, and Restorative justices.[7]
2. The adoption of the Justice40 Initiative from the federal government as an aspirational goal to prioritize placing a higher rate of CEM programs and resources in Named Communities (similar to the term Disinvested Communities used by the federal government).
3. The tracking of CEM's Equity Goals and Metrics through a logic model system that dedicates resources to increase participation in Named Communities. This practice prioritizes procedural and distributional equity (design and delivery) in order to distribute more Customer Benefits (a minimum of 30 percent) and lessen energy burdens[8] in Named Communities.
4. Higher customer and equity champion/partner participation through strong community engagement. CEM's Public Participation (P2) Plan focuses on a human-centered approach where its customers' voices are heard to help improve existing design and delivery of energy efficiency programs.

At the center of the aforementioned strategy and planned actions for the biennium are the efforts conducted at the program level to examine program design and delivery (procedural equity[9]) to establish concrete areas of improvement so that participation in Named Communities increases. Participation in energy efficiency programs is voluntary, however, PSE recognizes the need to examine, through an equitable lens, the existing barriers that customers experience. This recognition enables PSE to partner in the transition to a clean, renewable energy future. Therefore, enhancing participation (distributional equity) in energy efficiency programs among customers in Named Communities is the essential condition through which customer benefits reach Named Communities.

[7] See Docket UG-210755. Order 09. Cascade Natural Gas. Sections 54-58 for adopted PSE guidance for the BCP. With minimal differences, the American Council for an Energy-Efficient Economy (ACEEE), The Energy Equity Project (EPP) from the University of Michigan, and the WA State Department of Commerce's 2021 State Energy Strategy all align in these categories.

[8] Energy Burden Assessment, first conducted by PSE in 2020 and updated in 2021.

[9] Procedural equity is essential. The American Council for an Energy-Efficient Economy (ACEEE) defines it as "the need for service providers and utilities to create inclusive and accessible processes for developing and implementing clean energy programs and resources."

Figure 0-2 Energy and Environmental Justice Development: Scope and Sequence

Point 1 in the Key Elements of a Human-Centered Design section above references Cascade Natural Gas UG-210755 Order 09 (see footnote 7), whose details continue below.

Integral to this work is exploring the concept of energy justice and its core tenets to advance PSE's goal of achieving equity in Washington energy regulation. Energy justice is focused on: (1) ensuring that individuals have access to energy that is affordable, safe, sustainable, and affords them the ability to sustain a decent lifestyle; and (2) providing an opportunity to participate in and have meaningful impact on decision-making processes. The core tenets of energy justice are:

- **Distributional Justice**, which refers to the distribution of benefits and burdens across populations. This objective aims to ensure that marginalized and VPs do not receive an inordinate share of the burdens or are denied access to benefits.

- **Procedural Justice**, which focuses on inclusive decision-making processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and VPs have been excluded from decision-making processes historically.

- **Recognition Justice**, which requires an understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities.

- **Restorative Justice**, which is using regulatory government organizations or other interventions to disrupt and address distributional, recognitional, or procedural injustices, and to correct them through laws, rules, policies, orders, and practices.[10]

[10] See generally Jenkins, K., McCauley, D., Heffron, R., Stephan, H., & Rehner, R., Energy Justice: A Conceptual Review. Energy Research & Social Science 11, 174-82 (2016). See also McCauley, D., Heffron, R., Stephan, H. & Jenkins, K. Advancing Energy Justice: The Triumvirate of Tenets. International Energy Law Review, 32, 107-110 (2013); and Carley & Konisky, The Justice and Energy Implications of the Clean Energy Transition. Nature Energy, 5, 596-577 (2020).

2. Customers with "The Deepest Need" (Recognition Justice)

Through the summer of 2023, PSE worked with a joint advisory group comprised of CRAG, EAG, and LIAC members to define a new, prioritized segment of customers within Named Communities.

In response to Docket UE-210795 in WUTC Order 08 Condition 20[11] PSE has defined this new Named Communities segment as customers at or above 10 percent energy burden who are concentrated in neighborhoods or in the top half of Census blocks with the highest population of 10 percent or more energy burden. Specific compounding conditions and qualitative information from PSE's Community Affairs and Outreach groups help guide prioritization for projects designated for these groups.

Table 0-2 Deepest Need Compounding Factors and Conditions

Demographics	
Human Physical Health Vulnerability Factors	Higher Social Isolation for Older Adults
Preexisting Medical Conditions	Limited English
Higher Populations of Customers Belonging to BIPOC Communities	
Access to Resources	
Customers with High Arrearages	Higher Populations of Customers Renting Homes
Higher Rates of Disconnections	Human Physical Health Vulnerability Factors
Location and Housing	
Higher Populations of Customers Renting Homes	Extreme Heat Risk Factors (Climate)
Longer Commutes	Extreme Heat Risk Factors (Landscape)
Poor Housing Quality	Rural U.S. Census Designation
Higher Risk for Wildfire	Intersection with Tribal Land Parcels

11 The Order reads: PSE will identify the customers and communities within the broader category of Named Communities in consultation with interested persons and advisory groups. PSE will designate a minimum percentage of energy benefits that will flow to Named Communities with deepest need.

Deep poverty expresses itself in the cross-section of historical disparities listed above. This creates a continuum where customers experiencing this reality might say:

1. "Due to historical discrimination and/or racism, my demographics, on a cumulative basis, have adversely affected:
2. my access (or lack of access) to resources; so that
3. the location of my housing and/or place of business is inextricably linked to existing structural health and environmental inequities and disparities, in addition to high-energy consumption[12] and high utility bills."

Figure 0-3: Customer-Centered Approach

PSE's customer-centered approach seeks to distribute benefits and burdens equitably, with a preferential priority on Named Communities and a deep urgency on the issue of energy burden. Establishing trust with all PSE's customers to understand their challenges, goals, and aspirations will enable PSE to continue designing and delivering energy efficiency programs that help Named Communities. PSE is committed to continuing to learn from all its customers on a consistent basis.

PSE understands that energy efficiency programs have a positive impact in mitigating individual and community risk factors, such as energy insecurity.[13] PSE's 2021 Energy Burden Assessment identified the extent of customers in need—at the county level and at the total residential customer base—in Figure 0-4: Estimated Low-Income vs. Low-Income and Energy-Burdened PSE Customers. The Assessment also found that 15 percent (237,609) of PSE's residential customers are both low-income and experience energy burden.

[12] Average **electricity usage for energy-burdened customers is almost 40 percent higher** than for non-energy-burdened customers across all income groups; however, the difference in average gas usage is less pronounced. Customers classified as **low-income energy-burdened tend to use 31 percent more electricity and 13 percent more gas** compared to average population of customers classified as low-income. Energy Burden Assessment, first conducted by PSE in 2020 and updated in 2021.

[13] Energy insecurity is a multi-dimensional construct that describes the interplay between physical conditions of housing, household energy expenditures and energy-related coping strategies. ***Understanding 'energy insecurity' and why it matters to health***. U.S. Department of Health and Human Services. *Soc Sci Med, 2016 October.*

Figure 0-4: Estimated Low-Income vs. Low-Income and Energy-Burdened PSE Customers

As seen in in the figure above, Lewis County has the highest percentage of customers (55 percent) classified as low income, and 38 percent were estimated to be low income and energy burdened. Thurston County has a similar percentage of customers classified as low income (53 percent) and a smaller percentage classified as low income and energy burdened (20 percent).

Studies by the Northwest Power and Conservation Council and by individual Washington utilities repeatedly show that efficiency is the region's largest, cheapest, and lowest-risk energy resource.[14]

This fundamental asset is vital to individuals and businesses in historically disinvested communities.[15] Because of this, participation across all customer segments is key in ensuring that all customers are benefitting from the transition to clean energy through the equitable distribution of benefits and burdens, prioritizing those who are in the deepest need segment (i.e., low-income and energy burdened).

3. Public Participation (Procedural Justice)

CEM's P2 Plan is designed to infuse customer voice into existing and future programs, resources, and services. It addresses residential, small business, and low-to-moderate-income customers, but it has a deep focus on Named Communities throughout, and it is in support and alignment with statewide equity efforts and initiatives. The goal of receiving customer feedback from Named Communities, advocates, and CBOs is to improve the design and delivery of existing programs and services. The P2 plan's goals are as follows:

[14] House Bill 1257 Clean Buildings, passed into law in 2019

[15] Another designation for Named Communities by the U.S. Department of Energy (DOE).

1. **Inform & Educate**
   Provide the community with distilled relevant context and information.
2. **Consult**
   Gather input from the community.
3. **Involve**
   Ensure community needs and assets are integrated into the process and inform development, design, and/or implementation planning.
4. **Collaborate**
   Ensure that community entry points and their capacity to play a leadership role in the implementation of CEM program delivery are cultivated.
5. **Empower**
   CEM programs empower all customers in its service territory to make informed decisions about their energy use.

PSE agrees with the 2021 State Energy Strategy (SES) Equity chapter where it states that "the voices of vulnerable populations and overburdened communities must be intentionally sought out, respected, empowered, and privileged."[16]

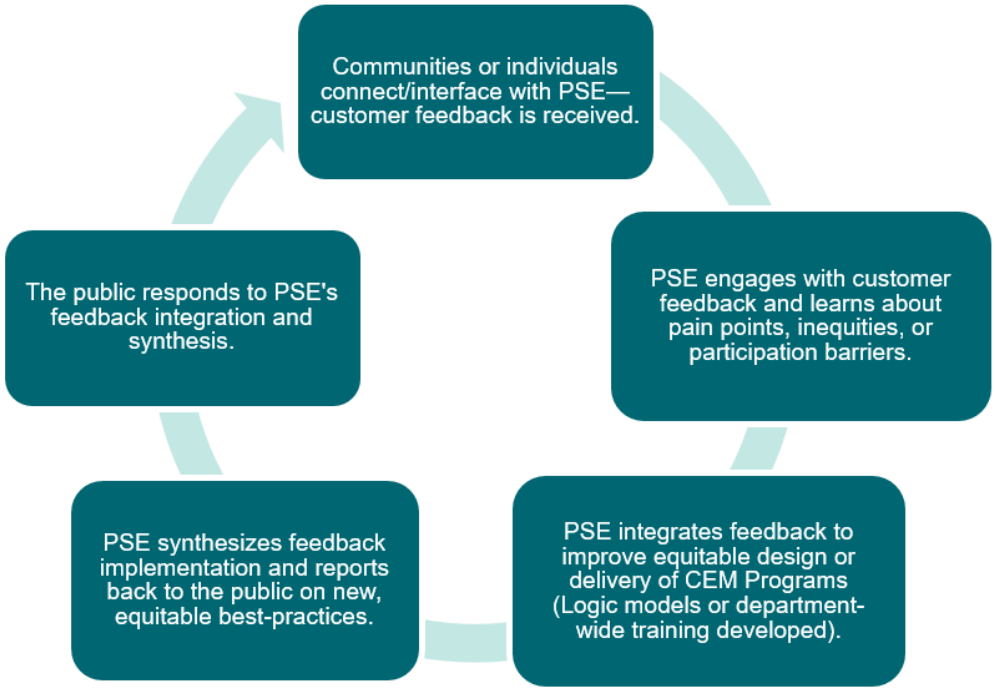
This expanded public participation effort therefore goes beyond public meetings, with greater levels of public involvement and collaboration needed from all customer segments. Grounded on the elements of the plan's Feedback Loop, PSE, regulators, and the public are engaging with one another on the importance of equity and environmental justice.[17]

CEM is passionate about engaging with customers in meaningful ways, as shown in Figure 0-5: Public Participation – Feedback Loop below. Over the years, programs have applied a customer feedback loop in order to adaptively manage programs and to increase participation via years of successful programs. PSE is eager to continue refining public participation as shown below to address procedural justice and to equitably distribute customer benefits across all customer segments with a priority on Named Communities.

[16] 2023 Biennial Report. Washington State Department of Commerce. Page 7

[17] Ibid. See note 14

Figure 0-5: Public Participation – Feedback Loop



Closely collaborating with government agencies, communities, and customers in Named Communities to engage in seeking authentic, meaningful, community-based solutions to current inequities will create "true environmental justice and a future where equitable energy policy design addresses inequities, while creating environmental and economic opportunities for all."[18]

The following are two customer engagement examples.

Human-Centered Design: Impact on Customer Journeys

A customer called PSE's program representative for the residential Water Heat program. The program lead listened attentively to understand her situation. This allowed the teammate to formulate a customer statement that helps focus attention on participation barriers and a customer's needs. In this case, the customer statement was synthesized as: "As a working single parent where English is my second language, I'm overwhelmed by the project, and I don't have time or energy to deeply research options or go through complicated processes."

Such a statement helped identify potential barriers such as cost, process, time, access, language, and information. Recognizing a customer's pain points presents opportunities for improvement in program design and delivery. As the teammate better understood the customer's barriers and goals, the teammate refocused the statement: "As a working single

[18] Build An Equitable, Inclusive, Resilient Clean Energy Economy. 2021 State Energy Strategy. WA State Dept. of Commerce

parent where English is my second language, I need to access personalized resources to understand this PSE program so that I can make a quick, confident decision and focus on my home and child."

This example is representative of the countless customer engagement with the Energy Advisor (EA), Events, Energy Efficiency Communities, Rebate, and Program teams. By having and sharing these customer experiences with each other, the CEM team centers customer voice in its adaptive management and refinement of programs as described throughout Exhibit 3 and this BCP document.

The Power of Trust and Relationships

The Nisqually Tribe wants to be the leading clean-energy-using and sustainable tribe in the nation. As part of that goal, tribe members reached out to PSE and requested a presentation on solar program opportunities for their members. The Energy Efficiency Communities (EEC) team was eager to engage tribe members in a conversation to learn about their needs and aspirations and to explore how PSE can help. In conversations after the solar-focused presentation, the tribe shared that they had postponed some energy efficiency upgrades. Knowledge of the broad menu of existing energy efficiency programs, linked with customer input, enabled PSE to share a possible solution: the Small Business Direct Install (SBDI) program.

Through many years of partnering with small businesses, PSE has adapted this SBDI program based on customer feedback to meet their needs, particularly given that many small businesses rent their space. This program removes barriers by providing customers a free energy assessment and an energy partner to provide low-cost or no-cost upgrades and personalized next steps that improve energy efficiency in smaller buildings.

For the tribe, the energy assessment revealed lighting replacement opportunities spanning administrative offices to community facilities. The CEM team was able to retrofit the old lighting fixtures and install LED lamps at no cost, resulting in over 183,000 kWh of annual energy savings and improved illumination throughout many spaces.

Through such engagements, the tribe also shared billing questions, that PSE's Business Services team addressed, and interest in PSE's EV charging program, leading to a warm introduction to PSE's EV concierge to connect them to the programs and resources best suited to their needs. Tribal members have also shared their interest in participating in upcoming pilots and new programs to help continue making progress on their long-range sustainability journey.

This personalized relationship-building is indicative of the customer-focused approach and attentive partnerships that PSE is building with communities, and it showcases that it is a priority, not an exception. This two-way dialogue provides valued input that PSE incorporates into program improvements.

4. Distributional Justice

a. Named Communities Distributional Equity Two-Year Target

The table below shows the minimum amount of energy benefits that will be delivered to Named Communities and customers with the deepest need by the energy efficiency tranche (defined in the CEIP). The calculated Named Communities Distributional Equity Target number meets the 30 percent energy benefit minimum designation requirement in Condition 20 of the CEIP Order.[18]

The Named Communities minimum designation is calculated by taking the total utility conservation goal (the same as the CEIP energy efficiency goal), and subtracting program savings that cannot be directed toward equity from the total to derive an applicable total savings number by which the 30 percent can be multiplied. This is because NEEA savings, for example, are distributed regionally, with no customer location attached. Schedule 258 is a four-year “self-directed” program for large customers. PSE cannot target these funds toward Named Communities.

Through the summer of 2023, the concept of subtracting Schedule 258 and NEEA savings from the total was discussed with the joint advisory group (LIAC/CRAG/EAG), as was the usage of MWh as a proxy for energy benefits and the deepest need calculations.

Table 0-3: Named Communities Distributional Equity Two-Year Target

	Savings	Notes
PSE Energy Efficiency Total Utility Conservation Goal	397,620 MWh	
Subtract **Schedule 258 – Large Power User Self-Direct Savings**	11,965 MWh	Sch. 258 is only for large self-directed customers and cannot be directed toward Named Communities by PSE
Northwest Energy Efficiency Alliance (NEEA) Savings	35,698 MWh	Savings distributed region-wide with no location attached
Named Communities Applicable Total Savings	349,957 MWh	
Named Communities Distributional Equity Target	**104,987 MWh**	Named communities applicable total savings x 30 percent

b. Deepest Need Distributional Equity Two-Year Target

The table below calculates the deepest need minimum designation of energy benefits for the energy efficiency tranche. The deepest need minimum designation is calculated using only residential program savings because customers with the deepest need do not experience energy burden reduction from commercial and industrial projects. New-construction program savings are then subtracted from the two-year residential savings goal. This is done because newly constructed premises do not meet the definition of deepest need. The applicable residential savings number is then multiplied by 2.5 percent to arrive at the deepest need distributional equity target. This methodology was derived from a series of joint advisory group meetings about deepest need in 2023.

Table 0-4: Deepest Need Distributional Equity Two-Year Target

	Savings	Notes
Residential Energy Efficiency Goal	158,100 MWh	
Subtract **Residential Multi-Family New Construction**	8,015 MWh	New Construction does not meet the definition of "Deepest Need"
Residential Single-Family New Construction	1,002 MWh	New Construction does not meet the definition of "Deepest Need"
Deepest Need Applicable Total Savings	149,083 MWh	
Deepest Need Distributional Equity Target	**3,727 MWh**	Deepest need applicable total savings x 2.5 percent

a. Specific Goals and Metrics

PSE will track progress toward equity-related goals and metrics in order to adapt when the proposed solutions to participation barriers are not yielding desired progress (via program logic models and a participation dashboard). CEM's strategy is to turn human-centered approaches into data-driven practices by consistently running diagnostics that effectively address the needs of customers in Named Communities. As a tool and measure of adaptive design and delivery, the logic model will track equity-related goals and metrics—at the program and tranche levels—aimed at improving participation in order to increase trust and traction of energy efficiency programs within Named Communities.

5. Equity Program Highlights[19]

The following Equity Focus highlights aim to demonstrate specific actions within CEM programs that will deploy innovation and human-centered approaches that—in the 2024-2025 biennium—will benefit customers ranging from single-family and multifamily residential, renters, small-to-medium sized businesses, and commercial customers.

a. Single Family Existing — Space Heat

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

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

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

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

b. Single Family Existing — Home Appliances

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

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

[19] To read every Equity Focus at the program-by-program level, please see Chapter I of this BCP Overview document.

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

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

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

c. Multifamily Retrofit

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

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

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

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

d. Commercial Rebates — Lodging

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

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

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

E. Programs Highlights

In 2022-2023, PSE maximized customer engagement and participation, while driving electric and natural gas conservation savings through innovation and adaptive management techniques, consistent with WAC 480-109-100(1)(a)(iv).

The majority of conservation programs PSE has successfully managed over the past biennia remain intact. Consistent with its established adaptive continuous improvement business development process, PSE examined the entire suite of measure offerings and then incorporated public participation feedback, applicable new measures, innovative delivery methods, and suggestions received through the Energy Efficiency RFP/RFI process to build a savings portfolio designed to meet the 2024-2025 electric and natural gas savings goals.

This section presents a brief summary of customer programs, including key savings drivers and major highlights for the 2024-2025 biennium. An overview of all customer conservation programs is provided in Chapter 1: Customer Programs, with further details available in Exhibit 3: Program Details.

1. Residential Energy Management

In 2024-2025, primary drivers of electric savings within the Residential Energy Management (REM) sector include the Single Family Existing (SFE) Space Heat, Residential Midstream HVAC and Water Heat, Home Energy Reports (HERs), and Multifamily Retrofit programs. Primary drivers of natural gas savings include SFE Space Heat, SFE Smart Thermostats, SFE Weatherization, and HERs programs. PSE will continue the many successful program adaptations from the 2022-2023 biennium, along with continued adaptive management to address the rapidly changing industry landscape.

Key 2024-2025 program highlights for residential programs include:

- The SFE Space Heat program intends to increase electric savings via further adoption of heat pumps, additional support for advanced duct sealing measures, and a streamlined path for contractors to provide instant rebates on thermostats. Savings on the natural gas side are expected to decrease due to the updated RTF savings value for furnaces.
- A new program, Electric Vehicle (EV) Chargers, will be added in 2024 as part of the effort to provide customers new products and services that promote the efficient transition to the clean energy economy.
- The SFE Retail Lighting program will retire on December 31, 2023, after many years of supporting a successful market transformation. PSE decided to sunset the program after evaluation of market and legislative indicators such as the DOE ruling, the ENERGY STAR® specification ending, and local market saturation of LED lighting.
- The SFE Smart Thermostats program will co-deploy with the DR program by combining conservation rebates with incentives for DR to further market adoption of the technology.
- The SFE Midstream HVAC and Water Heat program will no longer incentivize electric hybrid HPWHs for new construction due to 2018 Washington State Energy Code (WSEC). These efficient products will still be incentivized when upgrading existing buildings via several program channels.
- Equity will be imbued into all residential programs through thoughtful customer engagement, incentive-setting, and adaptive program activities in order to empower participation by members of Named Communities.
- Marketing will continue to expand access to and reduce barriers for receiving communications on program offerings where possible. This includes in-language collateral and promotions and materials to reach income-eligible customers as appropriate.

2. Business Energy Management

In 2024-2025, the primary driver of electric savings within the Business Energy Management (BEM) sector is the Commercial/Industrial (C/I) Retrofit program. However, neither this program nor any other is planned to exceed 2022-2023 savings levels for several reasons, including adjustments in commercial customer business operations affecting business workforce, resources, and strategic planning decisions, leading to a prioritization in spending on electrification and renewable programs. As a mitigation strategy, PSE added five account executive positions to its BEM organization to drive awareness and participation in its C/I energy efficiency programs; added new rebates; transitioned the Virtual Commissioning Pilot to a program and scaled up its savings goals. BEM also focused on process improvements like:

- working with customers who submitted applications for efficiency measures outside of PSE's program rules;
- engaging with customers to see if they could retroactively claim savings via Industrial Strategic Energy Management (ISEM);
- considering alternatives to the total resource cost (TRC) when receiving projects that are not cost-effective; and
- taking a performance-based approach to the savings instead of rejecting projects that come in after the work has been started via Commissioning (Cx) and Pay For Performance (P4P). Since performance payments occur months after work has been completed, it gives PSE the opportunity to track energy efficiency actions taken.

The primary driver of natural gas savings is the Commercial Strategic Energy Management (CSEM) program. However, neither this program nor any other is planned to exceed the previous biennium's forecasts for several reasons, including new building codes and a changing environment trending toward building electrification. PSE's CEM department developed a targeted curriculum to enable customers to save more energy and improved analysis tools to complete and close CSEM analysis. Additionally, COVID-19 ventilation rates are returning to pre-pandemic levels, so CEM expects to see an increase in savings.

Key 2024-2025 program highlights for business programs include:

- Customer incentive increases.
- The Business Lighting program plans to target customers in Named Communities through a multi-pronged approach of enhanced incentives, transcreation of collateral, targeted marketing, and targeted outreach.
- The award-winning Clean Buildings Accelerator (CBA) program is a specialized program that helps building owners comply with the Clean Buildings law requirements. In 2024-2025, the program will develop a pilot model to continue engagement with CBA customers beyond the standard program with a special focus on Named Communities.
- The Schedule 258 Large Power User program has developed an innovative SEM offering in order to encourage the usage of unspent competitive phase program funding.

- PSE will increase incentives across multiple programs to lower the financial barrier to implement projects as well as expand measure offerings such as downstream weatherization and window rebates.
- PSE will research and implement methods of embedding equity into programs.

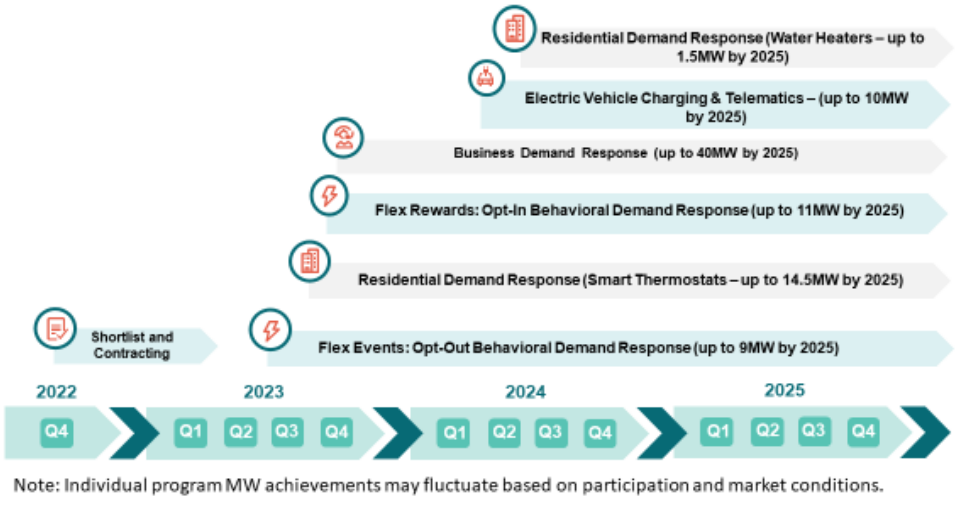
F. Demand Response Program Introduction

Demand response (DR) is broadly defined as a measure for reducing energy load in response to supply constraints, generally during periods of peak demand. DR provides an opportunity for consumers to play a significant role in the operation of the energy grid by reducing or shifting their energy usage during peak periods in response to time-based rates or other forms of financial incentives. By shifting load away from the grid-constrained peak usage period, DR helps manage and maintain system reliability.

PSE began designing and implementing DR programs in 2023 to help meet the needed capacity shortfall forecasted in the IRP and detailed in PSE's CEIP. The CEM team also designs and manages the implementation and marketing of these DR programs. While the DR program implementer operational expenses are accounted for through Power Purchase Agreements (PPAs) and recovered through rates, PSE's program management, development, and administration costs will be funded through the Schedule 120 Electric Conservation Rider. PSE's DR program is committed to delivering 86 MW of capacity by 2025. The DR portfolio consists of a combination of:

- Automated Demand Response (ADR);
- Behavioral Demand Response (BDR), which consists of two separate programs; and
- Business Demand Response (BDRP).

Figure 0-6: Demand Response Rollout Timeline



Note: Individual program MW achievements may fluctuate based on participation and market conditions.

I. Customer Programs

This chapter is intended to provide an overview of all of PSE's CEM customer conservation programs, and they are generally presented in order of their Conservation Schedule order and include a brief description of the program, eligibility, and major revisions for the 2024-2025 biennium. As applicable, each overview will also highlight coordination with other utilities, pilot-like initiatives, and attention to Named Communities.

Specific discussions of plans to achieve 2024-2025 savings goals and meet customer expectations can be found in Exhibit 3: Program Details. Exhibit 3 reflects the most accurate representation of planned 2024-2025 offerings and services, including programs and activities that do not have an associated Conservation Schedule order. Program details covered in Exhibit 3 include, but are not limited to: eligibility, delivery method, implementation model, customer experience, target market, customer incentives and measures, and marketing and outreach plans.

A. Residential Energy Management

This section gives an overview of customer programs in the Residential Energy Management (REM) sector.

1. Low Income Weatherization

Schedules E/G 201

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

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

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

Equity Focus

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

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

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

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

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

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

2. Single Family Existing

Schedules E/G 214

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

- Space Heat,
- Water Heat,
- Residential Midstream HVAC and Water Heat,
- Weatherization,
- Home Appliances,
- Smart Thermostats,
- Home Energy Reports,
- Efficiency Boost, and
- Electric Vehicle (EV) Chargers.

a. Residential Lighting

After careful evaluation of market and legislative indicators such as the U.S. DOE's ruling for energy-efficient lighting, the ENERGY STAR specification ending, and local market saturation, PSE has made the decision to sunset the Residential Lighting program after December 31, 2023. The Residential Lighting program contributed to successful market transformation and empowered PSE customers to adopt energy-efficient lighting for their home.

b. Space Heat

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

Equity Focus

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

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

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

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

c. Water Heat

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

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

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

Equity Focus

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

1. **Higher Energy Burden**
    i. The Single Family Water Heat Program is also part of the Efficiency Boost program, offering higher incentives to income-qualified customers. These increased incentives are address the incremental measure cost and provide low-to-moderate income customers increased access to efficient electric heat pump and gas tankless water heaters.

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

contractors with training necessary to sell this technology.

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

d. Residential Midstream HVAC and Water Heat

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

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

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

Equity Focus

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

e. Weatherization

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

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

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

Equity Focus

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

During the 2024-2025 biennium, the Single Family Weatherization team will engage with the Trade Ally team to assess the capacity to explore new designs for connecting with customers. The Weatherization program relies on contractors as liaisons for customer activities. Customers can interact with and schedule contractors for work during a time that is convenient to them. However, contractor work is typically performed during business hours, which may require the customer to take time off work. To ensure all of these coordinating pieces are addressed, PSE will revise its website to a person-first approach to be more accessible and useful to more customers.

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

- creating postcards to promote the program to customers who don't use the online portal;
- ensuring that rebate applications for windows can be submitted via website, email, or United States Postal Service mail; and

- ensuring that customers can access referrals to qualified contractors, either online (self-service) or by contacting an EA.

f. Home Appliances

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

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

Equity Focus

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

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

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

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

g. Smart Thermostats

The Smart Thermostat program incentivizes residential electric and natural gas customers to upgrade their manual or programmable thermostat to either an ENERGY STAR-rated smart thermostat or a PSE-approved electric line voltage connected thermostat. In the

2024-2025 biennium, PSE will continue offering post-purchase downstream incentives as well as instant rebates via the PSE Marketplace. Program staff will also continue to focus on strengthening contractor relationships and, ideally, increasing the number of customers receiving an instant incentive through contractors when upgrading their heating systems. Additionally, the program hopes combining thermostat rebates with incentives from the Demand Response (DR) program for enrollment will drive further market adoption of the technology.

Equity Focus

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

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

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

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

4. **Rentals**
   A high portion of people within Named Communities are renters and therefore not in control of upgrades to their residence. The new proposed design of the PSE Marketplace will make it easier for property owners to sign on and purchase a

thermostat for their property. The new marketplace platform will also offer referrals to contractors that could install the device, should property owners prefer not to self-install.

h. Home Energy Reports

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

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

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

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

Equity Focus

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

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

i. Efficiency Boost

The Efficiency Boost program provides increased rebate amounts for various measures within the Space Heat, Water Heat, Weatherization, Smart Thermostat, and Home

Appliances programs in order to increase access to efficiency for moderate-income customers who may not qualify for low-income programs.

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

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

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

Equity Focus

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

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

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

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

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

j. Electric Vehicle (EV) Chargers

Starting in 2024, Level 2 Electric Vehicle (EV) Charger rebates will be available in the downstream model. Customers will be able to apply for the rebate after purchase, either through a mail-in or online application, and they will then receive a check in the mail or

credit on their bill. Instant rebates will also be available on the PSE Marketplace or through Trade Ally Network contractors.

Equity Focus

PSE's EV Charging program for single-family residents includes an Empower Mobility path for income-eligible customers in an effort to alleviate the upfront financial investment and encourage equitable participation. Increased incentives are available for customers whose income is at or below 200 percent of the Federal Poverty Level (FPL) or 80 percent AMI, whichever is higher. Empower Mobility will rebate up to $600 for a Level 2 EV charger and provide additional funding up to $2,500 to cover any installation costs incurred for the charger. Customers will have to attest their income and be a PSE electric customer to be eligible to participate. Concrete actions to remove participation barriers include that eligible customers can purchase and hire their own contractor or go through PSE's TAN contractors; Level 2 EV Chargers will be added as a referral product in 2024; and TAN contractors can offer instant discounts to customers. Lastly, marketing for the program will be targeted toward Named Communities ZIP Codes.

3. Single Family New Construction

Schedules E/G 215

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

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

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

Equity Focus

To advance equitable delivery, the program plans to focus outreach efforts for developments in Named Communities. PSE is exploring deeper incentives that could include fuel neutral

measures (e.g., windows and insulation) as well as bonus incentives for first-time builder participants. PSE is exploring adopting similar strategies to the Energy Trust's Energy Performance Score (EPS) program that include no-cost program verification for rural and Tribal projects and collaboration with nonprofit developers and community land trusts.

4. Multifamily Retrofit

Schedules E/G 217

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

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

Equity Focus

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

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

Increased rebates are available if a site meets the following moderate-income definition: Buildings within tribal communities, OR built before 1986, OR has tenants using rent assistance

often categorized as “affordable” or “mixed (market/affordable).” Military housing also qualifies for these higher incentives.

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

5. Multifamily New Construction

Schedules E/G 218

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

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

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

Equity Focus

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

PSE's vendor for Multifamily New Construction is on the Approved Roster of Energy Modeling Consultants for projects that are seeking the LIHTC. Projects can achieve points toward their LIHTC application by using a modeler from this list to inform building design. This potentially lowers costs for projects that are applying for LIHTC, since they can use PSE's vendor for both PSE's Multifamily New Construction incentives, and for LIHTC application points. The Multifamily New Construction program will continue to partner closely with the Housing Development Consortium (HDC) of Seattle-King County. HDC is a hub for the major nonprofit housing developers in King County, and partnering with HDC allows for greater visibility of the Multifamily New Construction program to these developers The Multifamily New Construction program will partner with HDC by:

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

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

B. Business Energy Management

This section gives an overview of customer programs in the Business Energy Management (BEM) sector.

1. Commercial/Industrial Retrofit

Schedules E/G 250

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

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

a. Custom Grants – Lighting and Non-Lighting

The Custom Grants program provides C/I customers calculated incentives on measures that PSE considers to be cost-effective and provide quantifiable energy savings. Custom grants are available through two programs: Custom Grants (non-lighting measures) and

the Business Lighting Incentive (BLi) grant program (lighting and lighting controls measures). BLi includes Retrofit, Street Lighting (BLsli), Tenant Improvement (BLti), New Construction (BLnc), and Express (BLx).

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

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

Equity Focus

The Business Lighting Incentive (BLi) program works with all customers throughout the PSE territory and has provided grants to customers in Named Communities. For the 2024-2025 biennium, BLi plans to develop enhanced incentives, transcreate BLi collateral, and implement targeted marketing through email and social media on BLi incentives and program benefits in Named Communities. BLi will also work with its contractor and distributor partners to create a targeted outreach program to Named Communities.

b. Industrial Programs

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

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

Equity Focus

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

c. Clean Buildings Accelerator

Launched in late 2021, the Clean Buildings Accelerator program is designed to assist building owners as they comply with the requirements of Washington State House Bill 1257, the Clean Buildings Law. The law applies to Tier 1 buildings over 50,000 sq. ft. The Accelerator program provides SEM services through a four-month sprint, coupled with an additional year of strategic and technical support. It is best suited for lower-resourced organizations, including public organizations, nonprofits, and/or customers who have less experience with energy efficiency programs. The program model, best practices, and lessons learned from the CBA are openly shared with other Washington utilities.

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

Equity Focus

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

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

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

Current specific actions in preparation for the 2024-2025 biennium include putting extra focus on helping customers with benchmarking and setting up their accounts in EnergyCAP® and ENERGY STAR Portfolio Manager® (ESPM), which the program will continue to offer in 2024-2025. It will also provide free American Society of Heating,

Refrigeration and Air-Conditioning Engineers (ASHRAE) Level 2 audits. Program staff has created a very effective hands-on O&M template that is already in use, and staff invite cities to join the Clean Buildings Accelerator program and spread the word to organizations with whom they work. PSE aims to facilitate enrollment with an online form.

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

d. Telecommunications Energy Management

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

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

Equity Focus

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

e. Virtual Commissioning

This program analyzes PSE AMI data from PSE rate schedule 24EC, 25EC, 26EC, and 31GC customers to identify sites with high savings potential. PSE's contracted third-party consultant delivers site-specific, no-cost energy efficiency recommendations and virtually assists customer to implement them. The M&V is also done by the third-party consultant, and PSE is invoiced monthly for completed projects. Program specifics for the 2024-2025 biennium are still evolving as contract negotiations are finalized.

Equity Focus

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

PSE will ask the consultant to share more customer feedback with it and/or add a more formal customer feedback mechanism to the offering. PSE is exploring an on-bill credit for anyone who participates in the program regardless of savings achieved. PSE is also exploring referral bonuses for the consultant to give them more of a financial reason to provide PSE with project leads. The major points of contract negotiations (like payment rate) are still being completed and PSE will provide further details at a later time.

2. Commercial/Industrial New Construction

Schedule E/G 251

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

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

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

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

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

Equity Focus

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

because the customer can capture design savings as well as commissioning and behavioral savings.

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

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

3. Energy Performance Incentive Programs

Schedules E/G 253

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

a. Commercial Strategic Energy Management

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

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

CSEM will continue to partner with Strategic Energy Innovations to provide interns to customers participating in the program at a reduced cost to the customer. The program will

continue to partner with an engineering firm on an as needed basis for analysis capacity support, technical support, and program delivery.

Equity Focus

The Commercial Strategic Energy Management team will focus on recruiting customers that reside within Named Communities. The team will also work to identify design or delivery barriers and solutions to those barriers to increase participation. Some of the barriers explored will be related to customer size requirements, with the goal of potentially lowering minimum program participation requirements. Incentives will be reviewed biannually to ensure that they are keeping pace with inflation. In lieu of incentive increases, the team will look into ways that the program can provide additional resources to customers through services that help them to further reduce energy usage in their buildings. The team will also identify and prioritize the processing of projects that are located in Named Communities with the goal of processing four projects within Named Communities in each quarter.

b. Pay for Performance

Newly added to the Schedule 253 tariff as a standard program, the Pay for Performance (P4P) program was previously included under Schedule 249 as a pilot. The P4P program helps customers achieve energy savings through deep retrofits in commercial buildings with over 50,000 sq. ft. The bundling of multiple measure projects into a single, performance-based contract simplifies the customer application experience. In 2024, P4P will continue to look for ways to further support compliance with Washington State House Bill 1257 for customers enrolled in the Clean Buildings Law early adoption program, while also reducing the minimum sq. ft. barrier to 20,000 sq. ft. in support of compliance with the new Clean Buildings Expansion Law (SB5722).

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

Equity Focus

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

Other specific activities will include:

- Coordinated Outreach — Many Energy Service Companies (ESCOs) have their own equity focus goals. Since the majority of the P4P projects are submitted by ESCOs, PSE will investigate integration opportunities to enable and support a coordinated outreach with the ESCOs in these communities.

- Staff Training — Smaller facilities often do not have dedicated staff to provide the energy management and reporting requirements of P4P. PSE will investigate providing training opportunities to staff to improve community-sourced expertise.
- Education and Marketing — Several existing P4P contracts are already servicing Named Communities in priority areas including tribal entities. PSE is developing case studies, marketing materials, and collecting customer statements to include on its website and in its printed materials, which should encourage industry peers to connect with the P4P program.

4. Large Power User/Self-Directed

Schedule E258

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

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

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

Equity Focus

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

created by this Schedule are broader and more related to health and environmental benefits at the community level.

5. Commercial Rebates

Schedules E/G 262

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

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

Equity Focus

PSE will strategically apply human-centered approaches and a broad menu of resources to address the needs of Named Communities in coordination with marketing, events, and Energy Efficient Communities teams. For a detailed, program-by-program equity focus, please read more below.

a. Commercial Retail Lighting– Lighting to Go

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

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

Equity Focus

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

b. Commercial Foodservice

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

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

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

Equity Focus

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

In the 2024-2025 biennium, PSE will continue to focus program efforts toward these preferred channels, enhanced by the expanded Midstream program engagement of local, regional, and national market partners and chains. The program will increase creative marketing efforts and campaigns to raise general industry awareness, including the

transcreation of program materials, which will better serve business owners who speak languages other than English. Campaigns focused on specifically reaching Foodservice customers in PSE's Named Communities are also planned. Lastly, the program will continue to coordinate closely with the Small Business Direct Install program, allowing this sector to take full advantage of free energy assessments and assist in connecting them with the full portfolio of PSE's offerings.

c. Lodging Rebates

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

In the 2024-2025 biennium, the program plans for a more streamlined participation path for these customers who struggle with any overly complex or technical processes, which historically exist within this program offering. For instance, in 2024-2025, pre- and post-verification steps will utilize the support of PSE's internal Verification team in order to better assist customers with the challenges these steps present. With this program's "up to" rebate offering covering the majority of the cost of their equipment upgrade (as intended), customer interest in the program is continuously heavy. Great effort will be focused on improving the ease with which customers can start and complete their projects with PSE while still maintaining the necessary requirements for the program to ensure savings accuracy and effective in-service rates.

Equity Focus

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

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

d. Commercial HVAC

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

1. HVAC — Rebates for commercial customers help reduce energy usage without having to upgrade costly rooftop equipment. This program works well as a next step for small commercial customers that have participated in the SBDI or Business Lighting program.

2. Commercial Envelope — Rebates reduce the cost of improvements to a building's shell. This program targets buildings that have little to no wall or attic insulation and those with inefficient windows. For commercial customers who use PSE electricity to heat their buildings or PSE dual fuel customers who use natural gas to heat.

3. Commercial Water Heat — PSE will add rebates on HPWH ≤120 gallons for PSE electric commercial customers to upgrade their electric hot water heaters to more efficient equipment.

Equity Focus

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

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

e. Commercial Midstream HVAC and Water Heat

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

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

Equity Focus

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

f. Small Business Direct Install

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

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

Equity Focus

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

Communities team will target in person outreach to Women- and BIPOC-owned small-to-medium businesses, as well as those located within Named Communities Census blocks.

C. Pilots

Schedules E/G 249

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

D. Regional Programs

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

1. Northwest Energy Efficiency Alliance

Schedule E/G 254

The Northwest Energy Efficiency Alliance's (NEEA) updated operations plan for PSE's service area in 2024-2025 is included in this BCP as a standalone document, Exhibit 5.

a. Participation in NEEA Operations

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

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

- Regional Portfolio Advisory Committee
- Cost-Effectiveness Advisory Committee
- Commercial New Construction Initiative

- Natural Gas Advisory Committee
- Integrated Systems Coordinating Committee
- Products Coordinating Committee
- Controls Working Group
- Northwest Strategic Energy Management Collaborative
  - Collaborative Funders Group
  - Industrial Collaborative Funders Group
- NEEA Heat Pump Water Heater Pilot
- Regional Emerging Technology Advisory Committee

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

b. Natural Gas Market Transformation

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

2. Targeted DSM

Schedule 219

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

The TDSM program uses avoided costs for specific municipalities to calculate the cost-effectiveness of conservation measures. This allows PSE to offer rebates and incentives to PSE customers in these locations that are higher than those in its broader service territory. These rebates and incentives are available only during the duration of the specific Non-Wired Alternative (NWA) Project, as determined by PSE.

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

Equity Focus

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

3. Distribution Efficiencies

Schedule E292

The Production and Distribution Efficiency program involves implementing energy conservation measures within PSE's own production and distribution facilities that prove cost-effective, reliable, and feasible. Within production facilities (power generation), conservation measures reduce ancillary loads at the site and exclude efficiency improvements made to the generating equipment itself. These measures may include, but are not limited to, lighting upgrades, variable speed drives, and compressor upgrades. For transmission and distribution (T&D) efficiency, improvements are implemented at PSE's electric substations.

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

E. Other Customer Programs

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

1. Net Metering

Schedule E150

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

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

2. Targeted Demand Response

Schedule E/G 249A

The purpose of the Localized DR Pilot is to evaluate DR options applicable to identified Non-Wired Alternatives (NWA) projects in specific, targeted localities. Attributes that this pilot program will evaluate include technology requirements and performance; customer behavior and preferences; impacts and integration of DR to Company operations; program costs; demand reductions achieved; energy savings achieved; and localized distribution system benefits. PSE expects to gain experience with DR technologies; a greater understanding of customer acceptance and tolerance of demand control; the need for customer incentives (financial or other); and demand reduction effectiveness and reliability.

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

3. Demand Response

a. Residential Behavioral Demand Response

Opt-Out, Non-Incentivized Schedule 272

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

Opt-In, Incentivized Schedule 272

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

b. Residential Automated Demand Response Schedule 272

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

c. Commercial and Industrial Demand Response Schedule 271

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

F. GRC Commitment

1. Targeted Electrification Pilot

Non-Schedule 120 Conservation Funding

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

risk while also identifying barriers and recommendations to improve heat pump market penetration, particularly in Named Communities.

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

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

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

II. Support & Planning

A. Portfolio Support

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

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

1. Programs Support

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

a. Data and Systems Services

This team is responsible for reviewing and ensuring data integrity from a wide variety of sources, including vendors, program staff, and contractors. The team interfaces with several data systems, including SAP (PSE's business and customer relations software), DSMc (Demand Side Management central, a project tracking system), and Energy Efficiency Services (EES) Tracking (a portfolio tracking and forecasting system). The team also provides systems for program staff to enter measure data on a monthly basis to feed reporting systems and uses measure data and projections to build monthly forecasting models.

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

b. Rebates Processing

This team plays a critical role in PSE's ability to achieve its customer participation and conservation goals, as they are a key energy-efficiency contact point for PSE customers. The team's staff must be well-versed in all CEM programs, the terms and conditions of PSE incentives, and be sensitive to how they represent the CEM Department to

customers. The team also uses feedback provided by PSE constituents to collaborate with program staff to make process improvements within programs throughout the year.

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

c. Verification

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

The team has increased the capacity for more virtual verification options for customers and will continue to expand virtual verifications in the 2024-2025 biennium, except where on-site inspections are required to retain the integrity of verifications. An example of this exception is for commercial rebate programs because it has been challenging to perform virtual inspections for this sector.

d. Trade Ally Support

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

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

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

2. Trade Ally Network

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

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

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

3. EnergyCAP

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

4. Energy Advisors

This expert group brings efficiency into the homes of PSE customers by guiding them in changing behaviors, understanding their energy use, and assisting them in the selection and use of PSE programs that best match their individual circumstances. Energy Advisors (EAs) also promote and explain PSE's renewable energy programs, community challenges, available promotions, and tax incentives. The EAs assist customers with these services over the phone, through email, via virtual and in-person events, and through social media.

5. Equity Support

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

6. Energy Efficient Communities

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

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

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

The team works to find areas with lower program participation to directly target engagement with customers. They provide leads for the small business programs through partnerships with cities, local business associations, and community groups; through designing direct engagements; and through presentations to the small business community.

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

7. Customer Engagement

This section replaces Exhibit 7: Marketing and Outreach Summary.

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

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

8. Events

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

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

9. Customer Digital Experience

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

These tools help customers understand the specifics behind their energy usage, show neighbor comparisons (residential customers),[20] and provide new ways to encourage efficient behaviors by suggesting personalized tips, tools, ideas, and checklists based on customers' automated energy usage profile and self-assessment information.

10. Customer Awareness Tools

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

11. PSE Marketplace

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

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

12. Market Integration

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

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

B. Research and Strategic Planning

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

1. Conservation Supply Curves

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

2. Strategic Planning

Strategic Planning 2024-2025 primary activities include support for the implementation of regional building stock assessments; research focused on how upgrades, such as heat pumps, impact energy and peak loads; and continued support for the Regional End-Use Load Research Project. PSE will also invest in research in other emerging technologies and continue support in regional efficiency collaboration through various work streams with the NEEA and the Regional Technical Forum (RTF). Finally, ongoing efforts are required to establish how to integrate decarbonization strategies into customer programs.

3. Market Research

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

4. Program Evaluation

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

5. Technology Evaluation

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

III. Regulatory and Compliance

In this chapter, PSE will focus specifically on how it developed its 2024-2025 electric and natural gas targets and corresponding budgets as well as its compliance with relevant regulations.

A. Building the 2024-2025 Conservation Targets

The 2024-2025 detailed savings and budgets are contained in Exhibit 1: Savings and Budgets. This file is over 100 pages and PSE recommends that readers review it in its Microsoft Excel format to maximize effectiveness. Hyperlinks and hyperlink buttons on each page makes navigating this formidable workbook much more straightforward. PSE presents detailed budgets by program, classified by budget category, in the Exhibit 1 electric and natural gas sector views.

A summary view of the calculation elements that PSE applied in developing its electric Portfolio Savings Targets is provided in Table III-1: Electric Portfolio Savings Target Calculation Summary. **Error! Reference source not found.** provides the same steps applied to the natural gas target. Both reside as worksheet tabs within Exhibit 1. The tables detail the categories that PSE excluded to reach the final 2024-2025 EIA Penalty Threshold and Natural Gas Penalty Threshold. The tables also outline the additions PSE made to arrive at the Total Utility Conservation Goals.

Table III-1: Electric Portfolio Savings Target Calculation Summary

Puget Sound Energy 2024-2025 Electric Portfolio Savings				
Index	**Description**	**MWh**	**Comment**	**Calculation**
	Colored cells correspond to indicated lines in Exhibit 1: *Portfolio--2024-2025 Tab*.			
	Calculate the EIA Target			
a	CPA Pro-Rata Share *IRP & CPA Guidance*	304,400	Represents all available conservation that is cost-effective, reliable, and feasible, as a 20% pro-rata share of PSE's 10-year conservation potential, per RCW 19.285.040(1).	Exhibit i
b	**EIA Target**	**304,400**	Meets RCW 18.285.040(1)(a) and (b) requirements.	
	Calculate the Penalty Thresholds			
c	Subtract NEEA Savings	-35,698	Exhibit 5 NEEA savings forecast for PSE	
d	**EIA Penalty Threshold**	**268,702**	~$70/MWh shortfall penalty, based on 2022 inflation, per RCW 19.285.060.	= b - c
e	**Decoupling Threshold**	**15,220**	5 percent of EIA Target	= b * .05
	Build the Total Utility Conservation Goal			
f	Add Firm Savings Excluded from CPA	8,000	Schedule 449s and special contracts.	
g	Add Pilots with Uncertain Savings	0	Single Family AMI Engagement Pilot.	
h	Add Program Savings Build-Out	70,000	Based on bottom-up build of program savings with contractor and program staff input.	
i	**Total 2024-2025 Utility Conservation Goal**	**397,620**	This is the total Conservation Goal to which PSE is managing.	= b + e + (f + g + h)

1. EIA Target

Consistent with RCW 19.285.040(1)(a) and (b) and calculated from the 2023 IRP Progress Report data for 2024-2025 potential, 304,400 MWh is PSE's EIA Target. WAC 480-109-100 (3)(b) requires that the electric biennial target be "no lower than" the pro rata share of a utility's 10-year conservation potential.

The 2023 CPA represents the foundation for all 2024-2025 PSE savings calculations. PSE builds all other targets from the ground up using the EIA target. The CPA Pro-Rata Share (electric) EIA Target can be found on line "a" of the "Building the Target" electric table in Exhibit 1: Savings and Budgets.

The ten-year cost-effective conservation potential of 1,521,999 MWh that resulted from the 2023 IRP process is significantly lower from the previous biennium's conservation goal of 2,487,820 MWh. The reason for this reduction is that the IRP selects energy efficiency bundles, sorted by levelized cost, in order to compare them with alternative resources. In the 2023 IRP, the expected cost of renewable energy over the next 23 years was lower than the estimates derived in the 2021 IRP. As a result, fewer conservation bundles were selected as resources to meet expected demand (the model selected the lower cost renewables instead), even after adjustments were made in the resource selection to align with the Customer Benefit Indicators from PSE's Clean Energy Implementation Plan (CEIP). The CEIP increased the conservation estimate over the model selection, which was based only on lowest levelized cost. The figure below compares renewable resource costs from the 2021 and 2023 IRPs.

Figure III-1: Renewable Resource Costs, Levelized $/MWh, 2021 and 2023 IRP

2021 IRP	
WA Wind	$85
MT Wind East	$81
MT Wind Central	$91
WY Wind East	$140
Offshore Wind	$220
WA Solar East	$135
WA Solar West	$294
DER Ground Solar	$283
DER Rooftop Solar	$333

2023 IRP	
WA Wind	$47
MT Wind	$58
WY Wind	$77
Offshore Wind	$123
Solar	$53
DER Solar	$67

Table III-2 Natural Gas Portfolio Savings Target Calculation Summary

Puget Sound Energy 2024-2025 Natural Gas Portfolio Savings				
Index	**Description**	**Therms**	**Comment**	**Calculation**
	Colored cells correspond to indicated lines in Exhibit 1: *Portfolio--2024-2025 Tab* .			
	Calculate the CPA Based Target			
a	CPA First Two Years & select ramp rate adjustments	6,541,000	First 2 year savings potential with select discretionary measure ramp rate adjustments.	
b	Subtract Gas Furnace Savings	-451,000	Switching from 80% gas furnace baseline to Current Practice Baseline in RTF deemed savings.	
c	CPA Based Target	**6,090,000**		
	Calculate the Penalty Thresholds			
d	Subtract NEEA Savings	0	No savings forecasted in PSE service territory.	
e	**Natural Gas Penalty Threshold**	**6,090,000**	Penalty outlined in Stipulation Agreement, UG-011571 Section M43.	= c + d
f	**Decoupling Threshold**	**304,500**	Penalty = Up to $75,000, depending on range.	= e * 0.05
	Build the Total Utility Conservation Goal			
g	Add Program Savings Build-Out	640,000	Based on bottom-up build of program savings with contractor and program staff input.	
h	**2024-2025 Utility Conservation Goal**	**7,034,500**	This is the total Conservation Goal to which Energy Efficiency is managing.	= e + f + g

2. Natural Gas CPA Based Target

Consistent with RCW 80.28.380, PSE worked with the CRAG to establish a realistic natural gas two-year CPA-based target of 6.09 million therms (as shown in row c in **Error! Reference source not found.** above). The CPA-based target utilizes the first two years of the 10-year CPA guidance with adjustments for aggressive discretionary measure ramp rates and lower natural gas furnace evaluated savings to align with the current measure savings from the Regional Technical Forum.

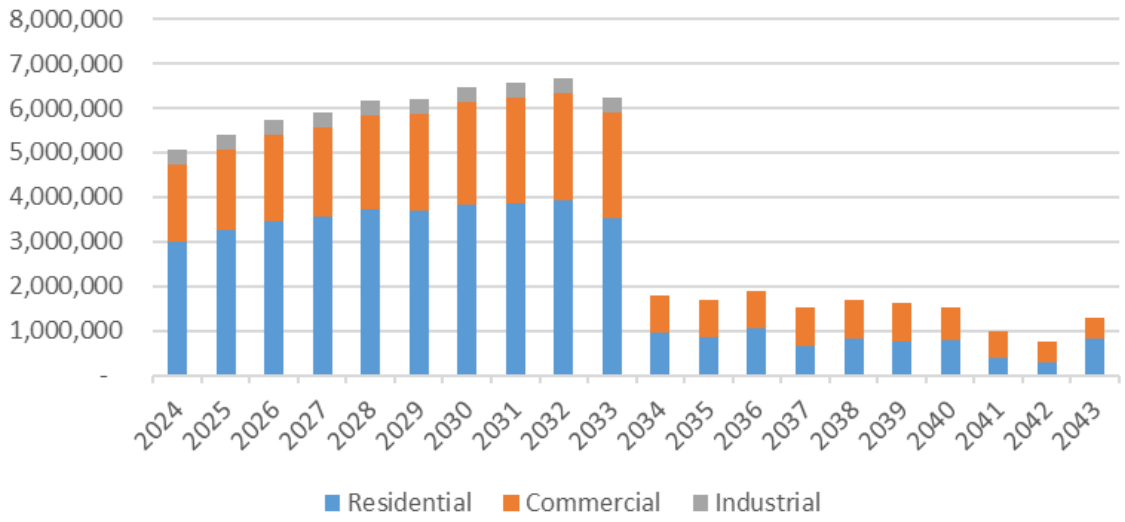
The 2023 CPA estimated the amount of gas conservation achievable over a 23-year time horizon, taking into account present and future avoided costs, the social cost of greenhouse gas, and the projected cost of Washington's Climate Commitment Act. As PSE does for the electric conservation target, PSE calculated the two-year pro-rata share of the first 10 years of conservation potential. The result of 12.6 million therms is significantly higher than PSE programs have ever achieved, and comes at a time of increased focus on decarbonization, increased contractor backlog, and uncertainty in near-term Federal codes[21] that may eliminate

[21] Two major Federal Code changes coming soon are the DOE high-efficiency water heater proposal for heat pump water heaters and high efficiency natural gas water heaters starting and one for high efficiency natural gas furnaces, both could start as early as 2029. The 2025 CPA

certain future conservation potential. Even the first two years of potential in the 10-year, which is typically lower, resulted in a 10.4 million therm conservation potential.

PSE and its CPA contractor, Cadmus, re-examined the CPA in this context and looked to develop a more reasonable estimate of conservation potential in the next two years. It was determined that the CPA should be re-analyzed using different discretionary ramp rates – that is, the rate at which conservation measures are likely taken up in the market. PSE's modelled assumptions in the Integrated Resource Plan assume that all discretionary measures, such as retrofits, will be aggressively adopted by the market in the first 10 years. As a result, the adoption curve for natural gas conservation measures originally looked like the figure below.

Figure III-2: Gas Energy Efficiency Resource Acquisition – PSE-Modeled Ramp



For modelling supply and demand over a long term, this ramp rate may be appropriate, but it doesn't reflect short-term market drivers to customer participation in PSE programs. Cadmus suggested that rather than use these assumptions, they change the ramp rates on select discretionary measures to those of the Northwest Power and Conservation Council (NWPCC), which uses adoption curves that typically model discretionary measure uptake over a 20-year time horizon. Applying this to the CPA results in the adoption curve below.

(project in flight now) will assume the natural gas furnace Code will go into effect, but there is less certainty on the water heater Code and it will not be assumed in the CPA.

Figure III-3: Gas Energy Efficiency Resource Acquisition – NWPCC Ramp

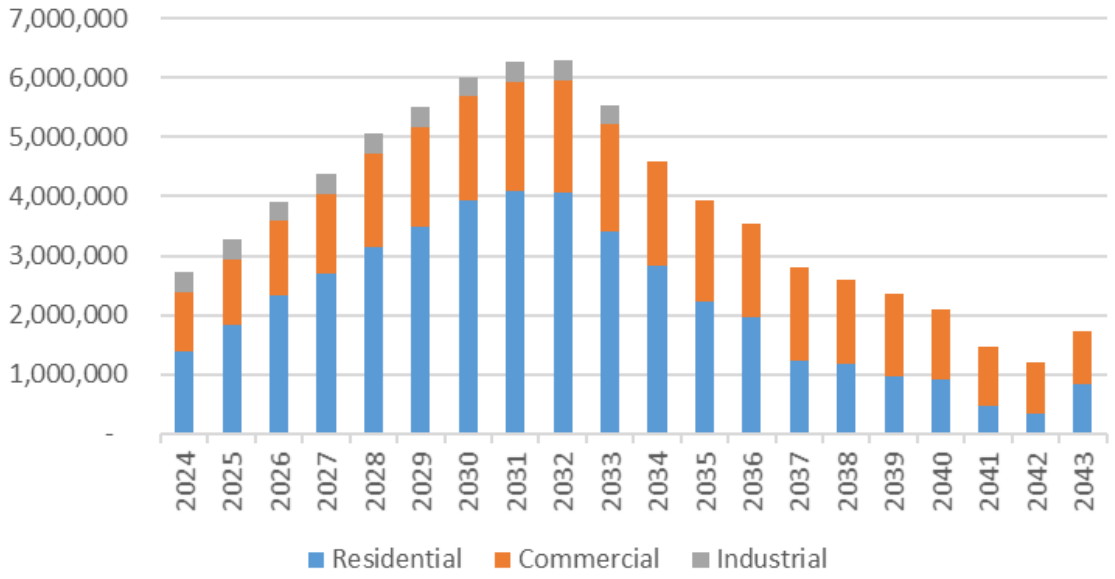
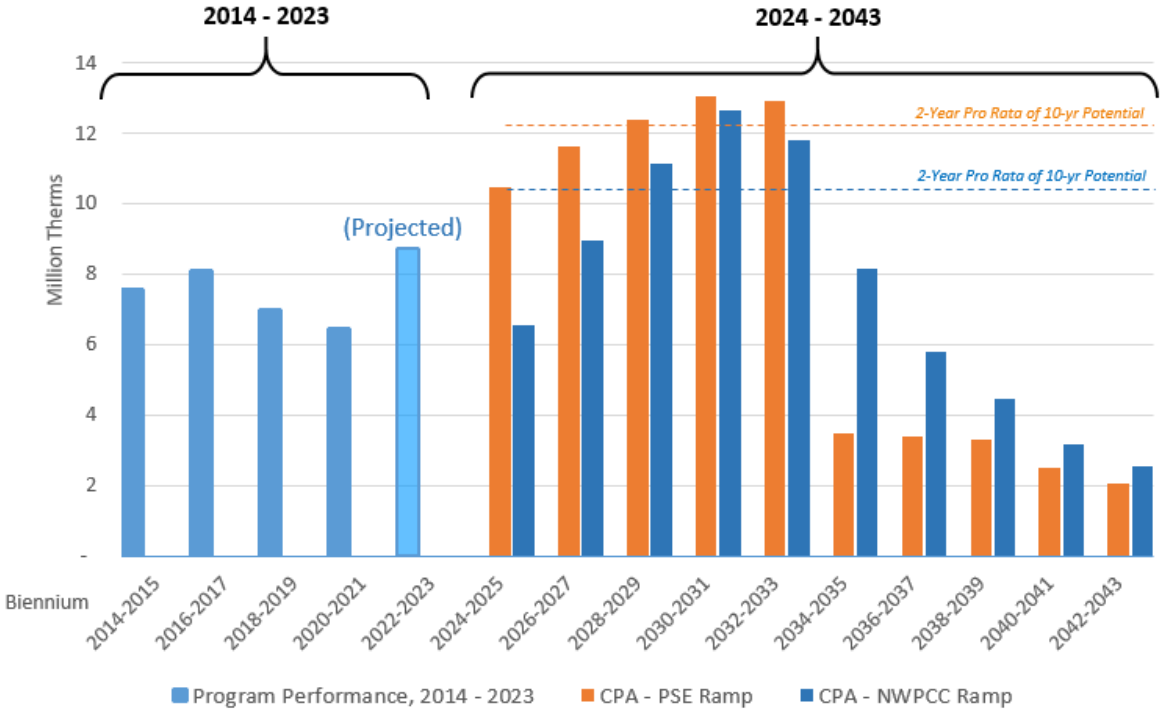


Figure III-4: 10-Year Historical Program Performance and 20-Year CPA Projection



In discussions with the CRAG, there was generally support for this approach, which provides for more realistic market uptake and provides some additional time for clarity on potential Federal codes and PSE's decarbonization strategy development. The overall 20-year conservation savings potential changes only slightly in both ramp rate scenarios shown below. The column, "First Two Year Potential" with the 20-Year NWPCC Ramp row shows the 6.5 million therm savings value PSE used as the starting point for the Building the Target workbook, shown in **Error! Reference source not found.** earlier in this section.

Table III-3: Ramp Rate Comparison

	First Two Year Potential	2-Year Pro-Rata of 10-Year Potential	20-Year Potential
10-Year PSE Modelled Ramp	10,468,472	12,628,838	75,135,686
20-Year NWPCC Ramp	6,540,747	10,244,012	75,310,079

The discretionary measure categories that were impacted by this analysis are summarized below. These categories were selected based on program staff interviews to understand the key contributing factors to the gap between the CPA and the programs' bottom up design. Key factors include:

a. Even with LTOs and other promotions, throughput has not been as high as the market potential suggests.
b. Contractor availability (such as residential weatherization) is constrained, and it has worsened by a major contributor recently going out of business.
c. There is little to no interest in the market for certain upgrades such as commercial roof insulation, except when required by Code.
d. PSE program quality control standards and expectations that ensure savings are achieved likely hinder some customers' and contractors' participation.

Figure III-5: Residential and CPA Measure Categories

Residential CPA Measure Categories	Commercial CPA Measure Categories

• Weatherization
  ○ Insulation
  ○ Air Sealing
  ○ Duct Sealing
  ○ Window Treatments
  ○ Window Replacements
• Smart Thermostats
	• Boiler Insulation, Tune-Up and Controls
	• Building Envelope Insulation
	• Recommissioning
	• Retro-commissioning

Finally, PSE needed to adjust for a reduction in natural gas furnace savings not reflected in the CPA. Program evaluations during the 2022-2023 cycle identified that natural gas furnace savings should align with the RTF deemed savings value if pre-inspections were not being performed (to verify a standard furnace was being replaced). The RTF savings are based on current practice baseline, which accounts for both standard and high efficiency furnaces already in the marketplace. The lower savings value is being incorporated into program plans for 2024-2025, but the CPA basis leveraged the original, larger, savings value. To accommodate the change, an adjustment of -451,000 therms from the first two years CPA savings total is needed. In consultation with the CRAG, the natural gas savings target was adjusted and shown in the Building the Target workbook, shown in Figure III-1: Renewable Resource Costs, Levelized $/MWh, 2021 and 2023 IRP earlier in this section.

The reasonable ramp rate adjustments and natural gas furnace savings correction result in a CPA based natural gas savings target of 6.09 million therms.

2. Penalty Thresholds

PSE calculates its penalty thresholds using the CPA based targets for electric and natural gas.

a. Electric EIA Penalty and Decoupling Thresholds

To calculate its EIA Penalty Threshold, PSE subtracts NEEA forecasted savings, consistent with the Commission's standard practice[22]. The resultant Threshold is subject to a penalty outlined in RCW 19.285.060(1) and WAC 480-109-070. For the 2023-2024 biennium, NEEA forecasts its savings to be 35,698 MWh. When the NEEA savings are subtracted from the EIA Target, the resultant EIA Penalty Threshold is 268,702 MWh.

PSE's electric Decoupling Threshold of 15,220 MWh is based on multiplying the EIA Target by 5 percent, as set forth in PSE's Amended Decoupling Accounting Petition in Docket UE-121697 Section III.G.31, page 17. PSE will be subject to the same penalty amount for achievement shortfall as the EIA Penalty Threshold.

b. Natural Gas CPA Based Penalty and Decoupling Thresholds

To calculate its Natural Gas CPA Based Penalty Threshold, PSE subtracts NEEA forecasted savings, consistent with the Commission's standard practice. The resultant Threshold is subject to a penalty outlined in the 2002 Stipulation Agreement, Section M.43. For the 2023-2024 biennium, NEEA forecasts its savings in PSE service territory to be zero. When the NEEA savings are subtracted from the CPA Based Target, the resultant CPA Based Penalty Threshold is 6.09 million therms.

[22] Please see page 5, Washington Statewide Advisory Group (SWAG) Report on 2018 Washington State Investor Owned Utility Energy Efficiency Joint Advisory Group Activities and Outcomes, Chapter 2, Section 2, ¶ 2. Docket UE-171087.

PSE calculates the Natural Gas Decoupling Threshold of 304,500 therms by multiplying the Natural Gas Penalty Threshold by 5 percent. This methodology is set forth in the 2017 Staff Initial Brief in the 2017 General Rate Case Docket UG-170034, Section III.A.53, page 27. The natural gas decoupling shortfall penalty is a tiered amount, ranging from $20,000 to $75,000.[23]

3. Total Utility Conservation Goals

Once penalty thresholds have been determined, additional savings are added to the portfolio to achieve the total utility conservation goals for the biennium.

The Total Utility Conservation Electric and Natural Gas Goals are comprised of the following:

- the EIA Target/CPA guidance (which include NEEA savings forecasts),
- the Decoupling Thresholds,
- Firm Savings Excluded from the CPA, Pilots with Uncertain Savings, and
- new in the 2024-2025 biennium, PSE is proposing an additional 70,000 MWh and 640,000 therms beyond the conservation guidance derived from the CPA and the decoupling commitment. The reason the proposed goal is achievable is because the bundles of conservation selected for the IRP use a longer-range forecast of potential, whereas PSE Programs are developed to meet customers where they are in the next two years. Not all of the avoided cost assumptions embedded in the IRP are necessarily affecting customer decisions in the near term. In addition, PSE's work with implementation vendors and different customer segments has a type of market inertia, where customer decisions don't change quickly from one year to the next, barring clear market signals that change behavior. These added savings will help offset savings not achieved in the 2022-2023 biennium.

PSE lists these components in the electric and natural gas "Building the Target" tables in Exhibit 1: *Savings and Budgets*.

4. Clean Energy Implementation Plan Electric Conservation Goal

Outside of PSE's detailed biennial targets and savings goals is a new energy efficiency target created to meet the requirements of CETA.[24] CETA requires utilities to file a Clean Energy Implementation Plan (CEIP) every four years that includes a four-year energy efficiency target; however, WAC 480-109 details a two-year biennial conservation plan process with penalties. The four-year energy efficiency target in the 2021 CEIP was estimated for the 2022-2025 timeframe by applying the Total Utility Conservation Goal from the 2022-2023 Biennial

[23] These amounts are proposed in Prefiled Testimony, Jon Piliaris, page 145.

[24] Clean Energy Transformation Act, (RCW 19.405.040(1)(a))

Conservation Plan for years 2022 and 2023, and then replicating those values for the years 2024-2025. In the 2021 CEIP, PSE acknowledged the 2022-2023 Total Utility Conservation Goal values used for 2024-2025 were a placeholder, and the energy efficiency target would be adjusted in the 2023 CEIP Biennial Update to align with the Total Utility Conservation Goal for 2024-2025 in the 2024-2025 Biennial Conservation Plan. PSE is seeking to make this adjustment in its CEIP Biennial Update that also will be filed on November 1, 2023.

B. Potential Penalties

PSE is subject to potential penalties for falling short of its Commission-approved electric and natural gas targets. In the situation where there are factors that occur outside of the utility's control, penalties may not be assessed[25,26]

1. Electric Penalties

The EIA financial penalty of potentially $70[27] per MWh of savings shortfall applies to the Commission-approved EIA Savings Threshold. The decoupling penalty—which will be subject to the same financial penalty approach that is used for the EIA Penalty Threshold—applies only to the specific incremental decoupling amount.[28]

PSE adjusted the penalty amounts annually—beginning in 2007—for the rate of change in the inflation indicator, gross domestic product-implicit price deflator, per RCW 19.285.060(1). Electric penalties would apply only after PSE exhausts its available excess conservation from eligible previous biennia.

PSE will exclude NEEA savings from its EIA Target to reach a proposed EIA Penalty Threshold. PSE's Decoupling Threshold is calculated based on 5 percent of the EIA Target.

25 For Electric target: Energy Independence Act, (RCW 19.285.040)(1)(e)).

26 For Natural Gas target: PSE General Rate Case, Docket Nos. UE-011570 and UG-011571, Settlement Terms For Conservation. Section M, paragraph 42, page 10.

27 The indicated potential penalty amount is based on the 2022 rate of inflation — the latest available at the time of the 2024-2025 BCP development. The actual penalty amount will change, depending on the 2023 inflation rate.

28 PSE's Amended Petition for Decoupling Mechanisms, Docket Nos UE-121697 and UG-121705, page 17, Section G.31: "[…] Specifically, while the electric decoupling mechanism is in place, PSE will agree to achieve electric conservation five percent above the biennial targets set by the Commission, and PSE will agree to voluntarily submit to financial penalties for failing to meet this higher level of conservation achievement. […]" (emphasis added)

2. Natural Gas Penalties

PSE's potential penalty range in the case of a natural gas conservation shortfall is outlined in Section M.39 and M.43 of the Stipulation Agreement, Exhibit F of Order 01 in Docket UG-011571:

> *"**39**. Achievement of annual targets for savings from cost-effective electricity conservation programs and from cost-effective natural gas programs, as established in Section D, shall be subject to a penalty mechanism. …(Electric discussion replaced by Docket UE-100177)…PSE shall compute, every two years, the total natural gas savings captured through PSE natural gas efficiency programs during each two-year time period, and divide this total by two, to determine an average annual natural gas savings achievement for that period. These computations shall determine whether the Company achieved each of the minimum savings targets, on average. If the Company achieves its average annual savings goals, as determined with the Advisory Committee, during a two-year period, then no penalty will be applied for that two-year period. If the average annual savings targets are not achieved during a two-year period then a penalty is assessed according to Paragraph 43; the penalty applies only to each individual year in which that year's actual annual target is not met."*
>
> *"**43**. The financial penalties for failure to achieve the annual conservation savings targets are as follows.*
>
> - *Achieve savings that are 90 to 99% of the goal: $200,000 penalty applies*
> - *Achieve savings that are 75% to 89% of the goal: $500,000 penalty applies*
> - *Achieve savings that are less than 75% of the goal: $750,000 penalty applies"*

As a standard practice, PSE will subtract NEEA's natural gas savings forecast from its natural gas CPA guidance to arrive at its proposed Natural Gas Penalty Threshold. At the time of the publication of the BCP, however, no natural gas savings are forecast for NEEA in the coming biennium.

PSE's proposed natural gas additional decoupling penalty ranges from $20,000 for meeting 4.5 percent to 5 percent of the natural gas decoupling threshold, $50,000 for meeting between 3.75 and 4.5 percent, and $75,000 for meeting less than 3.75 percent of its decoupling threshold.[29]

C. Developing the 2024-2025 Conservation Plan

1. Compliance with RCW 19.285 (Electric Conservation Targets)

This BCP and its Exhibits are consistent with RCW 19.285.040 (1)(a), which indicates that utilities must identify their achievable cost-effective conservation potential, reviewing, and updating the assessment every two years thereafter. The BCP also satisfies § (b), which

[29] Docket UG-170034, Public Version Testimony, (UE-170033) 2017 GRC Piliaris direct, page 145 of 159.

states that utilities shall establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with their identification of the achievable opportunities.

2. Compliance with WAC 480-109

Throughout the BCP, PSE provides references to the applicable WAC section. PSE ensures that its conservation operations are in compliance with WAC rules in a manner similar to the process that it uses to track and report compliance with the biennial conditions, Exhibit 7: *Condition Compliance Checklist*. PSE tracks and reports on WAC compliance by incorporating the WAC requirements that are unique, in addition to PSE's biennial conditions, into its Exhibit 7.

Consistent with the requirements outlined in WAC 480-109-100(1) through (3), addressing the development of the 2024-2025 BCP, PSE conducted 14 public meetings for the IRP over the course of 2022 and 2023. PSE also met condition 3(b) in March 2022 when its CPA contractor presented to the CRAG the scope and design of the CPA. PSE then met condition 3(c) on June 7 when initial CPA findings were presented to the CRAG.

PSE maintained close collaboration with the CRAG throughout the BCP development process. PSE held CRAG meetings to discuss specifics around the development of the 2024-2025 BCP on March 15, June 7, July 26, August 30, September 27, and October 18, 2023. In addition to these meetings, PSE maintained a high level of CRAG engagement, as required in applicable sections of WAC 480-109-110(1). Exhibit i of this BCP satisfies sub-sections (ii), (iv) and (v) of WAC 480-109-120(1)(b).

The remaining sub-sections of WAC 480-109-120(1) are satisfied in other Chapters and Exhibits in the 2024-2025 BCP, as noted in the table below**Error! Reference source not found.**.

Table III-4: WAC 480-109-120 Requirement Addressed in the 2024-2025 BCP

(All Section (1) of WAC 480-109-120 requirements are paraphrased.)

Requirement	2024-2025 BCP Content
(a) Biennial Conservation Plan filed by November 1 of each odd year.	The 2024-2025 BCP and its Exhibits.
(b)(i) Must include a request that the Commission approve the potential and target	Executive Summary
(b)(iii) The plan must include the potential, target, program details, biennial budgets, and cost-effectiveness calculations	• Potential & Target: Executive Summary, Exhibit i • Program Details: Exhibit 3 • Biennial Budgets: Exhibit 1 • Cost-Effectiveness Calculations: Exhibit 2
(b)(vi) The plan must include the evaluation, measurement & verification framework (and sub-parts A through C).	Exhibit 6 Supplement 1 Sub-part C is addressed in Exhibit 6.

3. Compliance with WAC 480-107-065

In addition to legislative updates to WAC 480-109 in 2019, the Washington State Legislature updated WAC 480-107 with the addition of section 065, which is specific to acquisition of conservation and efficiency resources. This update requires the utility to establish a competitive procurement framework each biennium and file it within this BCP. The framework is filed within this BCP as Exhibit 3, Supplement 1 for approval by the UTC.

4. Compliance with RCW 80.28.380 (Natural Gas Conservation Targets)

This BCP and its Exhibits are consistent with RCW 80.28.380, which indicates that utilities must identify their achievable cost-effective conservation potential, reviewing, and updating the assessment every two years thereafter.

D. Conservation Tariff Schedule Revisions

Minor revisions were necessary for the 2024-2025 biennium: primarily Schedule 201 (Low Income Weatherization). PSE provides summaries of those modifications in Table III-5: Summary of 2024-2025 Electric Conservation Tariff Schedule Revisions and Table III-6: Summary of 2024-2025 Natural Gas Conservation Tariff Schedule Revisions.

Table III-5: Summary of 2024-2025 Electric Conservation Tariff Schedule Revisions

Program	Tariff Sheet	Section	Revision Reason
Electricity Conservation Service	83-G	10) Expenditures and 12) Termination	Update expenditures for 2024-2025 anticipated spending and update termination date to December 31, 2025.
Residential Low-Income	201-A	1) Availability	Remove language specifying income eligibility and defer to Commerce for income eligibility.

Table III-6: Summary of 2024-2025 Natural Gas Conservation Tariff Schedule Revisions

Program	Tariff Sheet	Section	Revision Reason
Natural Gas Conservation Service	183-G	10) Expenditures and 12) Termination	Update expenditures for 2024-2025 anticipated spending and update termination date to December 31, 2025.
Residential Low-Income	1201-A	1) Availability	Remove language specifying income eligibility and defer to Commerce for income eligibility.

PSE provided mark-up copies of all revised tariff sheets to the CRAG on September 27, 2023.

It is notable that PSE only files the revised tariff sheets—not the entire Schedule—with the UTC. Although the revised documents are included as Exhibit 8 of the BCP as a courtesy to readers, PSE files the tariff revisions separately from the BCP.

E. Planning Considerations

The following list highlights some of the key assumptions and factors that program staff used to guide their planning processes. Throughout the upcoming biennium, program staff will continue their application of adaptive management principles to ensure that they meet performance objectives by validating, adjusting, and re-evaluating these assumptions in an effective and resourceful fashion.

- PSE's IRP/CPA Guidance
- Economic and Market Assumptions, especially:
    - efficient equipment availability;
    - product installer availability; and
    - customer demand for products, especially the uncertainty around demand for equipment that uses natural gas, given the increasing focus on electrification
- Technological, Codes & Standards Assumptions
- RTF Unit Energy Savings (UES) Values and Updates
- Regional & Utility Actions and Partnerships, especially:
    - programs and funding that we anticipate will flow through the Washington State Department of Commerce to advance energy efficiency, distributed energy resources, and electrification
- Regulatory and Legislative Assumptions
- Definitions of Named Communities, Deepest Need, Equitable Distribution of Benefits, and Burden Reduction

F. Potential for Pilot Offerings

Although PSE receives several suggestions for potential conservation measures or related services through its standard RFP solicitation process, program staff also are constantly vigilant for new technologies that may have an immediate impact on the Portfolio. PSE provides comprehensive discussions of its pilot initiatives in several sections of this BCP. Unless otherwise noted, each component discussion applies to both electric and natural gas savings targets.

G. RTF Measures Impact

As a proportion of REM's overall conservation goal (and also contributing to a portion of BEM's savings goal), another key consideration of PSE's 2024-2025 conservation goal is the examination of RTF UES measures.

The 2024-2025 savings and budget figures are substantial in light of continued downward revisions of many key prescriptive measure UES values, both electric and natural gas (namely, the natural gas furnace savings value). CEM program staff demonstrated creativity and adaptive management in developing innovative solutions and services that will sustain 2023's momentum in light of these adjustments. Several programs, both in REM and BEM, were affected by these UES value revisions. PSE notes prescriptive measure elements, including savings values and unit count projections in the applicable program detail pages of Exhibit 1.

The 2024-2025 BCP reflects, when applicable, RTF UES values that were in effect and published on the RTF website as of September 1, 2023. To accommodate program planning needs and WAC requirements,[30] CEM's Measure Revision Guidelines indicate that when a prescriptive measure's UES value is in effect and published by September 1 of a particular year, PSE will align to that value in January of the following year. In applicable cases, PSE will follow accepted methodology and protocols to develop a PSE UES value[31] that is consistent with WAC 480-109-100(5)(a).

1. RTF Prescriptive Measures

WAC 480-109-100(5) requires PSE to use the RTF's UES[32] measure savings values; unless, as indicated by (5)(a), evaluation data, engineering analyses, or other reliable sources substantiate the use of a different savings value.

PSE consistently complies with these requirements, and presents its measures and their savings values in Exhibit 4: *Prescriptive Measure Values* for CRAG review (as required by WAC 480-109-100(5)(b)).

2. RTF Measure Revisions and Timing

The RTF adjusts the savings values of measures throughout the year. Each year, PSE tracks the RTF revisions as program staff set their upcoming biennial savings target and natural gas goal.

[30] WAC 480-109-110(3) requires utilities to provide their advisory groups with a draft conservation filing 30 days in advance of the filing. This requirement significantly compresses the planning process. Thus, the time to lock measure savings values is moved up a month.

[31] In cases where PSE pursues the conversion of a measure from RTF UES to PSE Deemed, the measure cannot be used until the evaluation, engineering analysis, or actual usage studies are completed and approved. This affects PSE's ability to meet its savings targets and goals.

[32] The current RTF designation for prescriptive measures is UES: Unit Energy Savings.

The savings targets are typically established in July of a planning year, consistent with requirements, using (where applicable) the RTF UES values in place at that time. Program staff have an opportunity to make final adjustment to RTF UES measures employed at the end of August of the planning year. When the RTF adjusts UES values after PSE locks the target on September 1, it will adjust the savings reported in the year following the next program year.

3. Selection of RTF Measures

The use of every RTF measure is administratively unrealistic. PSE employs only those RTF measures that it can accurately track, meet cost-effectiveness expectations,[33] achieve a sustainable customer demand, are supported by contractors and trade allies, and lend themselves to effective verification. PSE evaluates the potential impact of these measures, regularly reviewing those that can be offered to customers and effectively managed. However, there are far more measures in the RTF database than can be effectively managed or accounted for with a high degree of accuracy within a program's suite of offerings.

4. Implementing RTF Measures

To ensure the highest degree of accuracy and mitigate the risk of potential disallowances and potential resultant penalties, PSE's follows a systematic strategy for implementing RTF UES measures:

- selecting as many RTF measures that can be implemented, tracked and accurately reported as possible;
- regular review of RTF measure tables for potential offering inclusion;
- participation in RTF meetings to ensure that PSE program staff are engaged in measure development and planning;
- actively managing all tracking and reporting data, systems and databases to ensure accuracy;
- implementation measure revisions at the beginning of each year, consistent with PSE's *Measure Revision Guidelines*; and
- the adoption of suitable new RTF measures throughout the year, compatible with adaptive continuous improvement principles.

CEM's comprehensive list of all prescriptive measures—RTF UES and PSE UES—is Exhibit 4: Prescriptive Measure Tables. Because Exhibit 4 is intended to be a list of all measures currently available, PSE will provide the 2024-2025 Exhibit 4 to the CRAG as a part of its Annual Reports. Until then, planned prescriptive measure UES values are available in each program's detail page of Exhibit 1: Savings and Budgets.

[33] Although the RTF indicates expected cost-effectiveness in the measure table of a particular measure's workbook, PSE delivery methods, incentive levels, regional differences, etc. may change the final actual cost effectiveness.

Exhibit Summary

This chapter provides a brief overview of the contents of each Exhibit included with the 2024-2025 Biennial Conservation Plan.

Exhibit i: 10-year Conservation Potential & Biennial Conservation Acquisition Targets

The 2024-2033 Ten-year Achievable Conservation Potential and 2024-2025 Biennial Conservation Targets Exhibit discusses the development of the electric 10-year achievable conservation potential and two-year conservation target.[34] Exhibit i may be referenced as "The Ten-year Potential and Two-year Target," "Two-year Target," or "2024-2025 Biennial Target." Each designation has the same meaning for purposes of referencing the development of the electric 2024-2033 Ten-year Achievable Conservation Potential and 2024-2025 Biennial Conservation Targets.

Exhibit i provides an overview of PSE's IRP guidance and Conservation Potential Assessment (CPA) development processes, which satisfy the requirements of WAC 480-109-100(1)(a)(i), (2) and (3). The Exhibit also notes the extent of public participation in the development of the 10-year potential and two-year target, as prescribed by WAC 480-109-120(1) sub-section (b)(ii). Another sub-section addressed in Exhibit i is (b)(v), which requires that a utility provides a description of and support for any changes from the assumptions or methodologies used in the utility's most recent conservation potential assessment.

PSE reviewed the majority of the 10-year potential and two-year target development points with the CRAG throughout the latter half of 2023. A key requirement met in these meetings is condition (3)(c) that required PSE to engage the CRAG in the scope and design of the 10-year conservation potential analysis and to identify the achievable conservation potential for 2024-2033. Additionally, many CRAG members also participated in the IRPAG meetings between 2022 and 2023.

Exhibit 1: Saving Goals & Anticipated Expenditures

Exhibit 1: *Savings and Budgets* represents a detailed view of every CEM program; PSE provides a separate view for the programs' electric and natural gas area. Each program detail page rolls up to a sector view, which sums the budget categories (e.g., Labor, Overhead, Employee Expense, etc.). In the sector views, there are separate electric and natural gas pages for each year of the biennium. Finally, the sector views roll up to the Portfolio views. PSE presents each sector and portfolio view in a two-year, and separate 2024 and 2025 views. This presentation is also consistent with condition (4)(a), providing separate, annual budget and conservation target views.

The format of Exhibit 1 remains unchanged from the previous four biennia, providing a high degree of consistency for interested parties. In keeping with its adaptive management principles, it is PSE's intention to enhance the presentation of the budget and measure details with each iteration. PSE

[34] This document only discusses electric conservation.

takes into account development and reporting efficiencies of PSE staff, with a keen eye toward interested party needs, requests, and observations.

Exhibit 2: Cost-Effectiveness Estimates

Exhibit 2 provides program-level cost-effectiveness figures, as well as electric and natural gas-specific program calculation pages. Exhibit 2, Supplement 1 will describe the cost-effectiveness overview.

Exhibit 3: Program Details

Discussions of program-level strategies and tactics are located in Exhibit 3: *Program Details*. It is notable that PSE maintains a running version control number (for instance, "**version**: two **replacing version**: one") in the footer section of Exhibit 3. This version numbering practice commenced with the 2011 Annual Conservation Plan filing.

Each program that generates conservation savings[35] contains an overview of program elements, including the:

- purpose of the program;
- program description;
- delivery method;
- implementation management;
- an overview of customer incentives, including electric and natural gas measure tables, consisting of a description, eligibility, and rebate amount;
- the program's target market;
- the marketing plan;[36] and
- outreach plan.

Programs, functions, and activities in the Portfolio Support, Research and Compliance, and Other Electric Programs sectors also provide a Purpose and Program Description discussion.

[35] Programs or functions such as Evaluation or Conservation Supply Curves do not generate savings and for the most part, do not interface with PSE customers. Therefore, program elements such as Customer Incentives and Target Market do not apply to these.

[36] A summary discussion of the CEM Marketing Plan can be found in Chapter 2: Support and Planning under Customer Engagement. PSE provides detailed marketing plans by program in Exhibit 3: Program Details.

Exhibit 5: NEEA Planned Activities

NEEA plans and reports are standalone documents, comprising Exhibit 5. Treating this document in this manner reflects the significant effort expended by NEEA Staff to create these references for inclusion in PSE filings. NEEA savings targets are included as Supplement 1 to Exhibit 5.

Exhibit 6: Evaluation Plan

Exhibit 6 provides a view of all efficiency program evaluations and the strategy that CEM Evaluation staff will use to implement the evaluations in the most effective manner, over a four-year cycle, along with the guiding principles of the Evaluation team.

The EM&V Framework is included as Supplement 1 to Exhibit 6 and provides discussions on how PSE will conduct evaluation, measurement, and verification activities to estimate savings and other metrics associated with its CEM department programs.

Exhibit 7: Requirements Compliance Checklist

Exhibit 7 is excluded from PSE's planning documents, as the Requirements Compliance Checklist is a backward-looking document, which is more applicable to PSE's Annual Reports of Energy Conservation Accomplishments.

Exhibit 8: Tariff Revisions

PSE created Exhibit 8 to provide the CRAG with mark-up versions of the Conservation Schedule tariff sheets that PSE plans to file and request Commission approval, contemporaneously with the 2024-2025 BCP. PSE will request that the revised Tariff Sheets be made effective on Jan. 1, 2024.

It is important to note that in the tariff filing process, only those Tariff Sheets being revised are filed, rather than the entire Schedule or complete set of Conservation Schedules. As a courtesy to readers, though, PSE includes a PDF of the entire (current, non-revised) Schedule for easier reference in Exhibit 8, with the revisions noted in mark-up Microsoft Word versions.

Glossary

This glossary provides descriptions of commonly used CEM terms and acronyms.

Commonly Used Terms

Term	Definition
Calculated Savings	This savings type is different from deemed values (described below). This term indicates that there is a pre-approved, stipulated input savings value (or cost) per measure. This value (or cost) is then multiplied by site-specific input values to arrive at the overall savings value (or cost).
Commerce	Washington State Department of Commerce
Conditions	Specific deliverables and stipulations with which the Company must adhere through the course of operating and managing energy efficiency programs. In addition to compliance requirements outlined in the Settlement Terms Sections A through J and L in Docket No. 100177, 2018-2019 conditions are listed in Appendix A of Order 01 in Docket UE-171087. Conditions are typically included in Commission Orders approving PSE's biennial conservation targets.
Custom Savings	This savings type applies to conservation projects where a PSE EME performs specific evaluation and review of a unique customer site to determine savings values — therms or kWh — that apply only for that site. For this type of measure, there is insufficient information, the occurrence is too infrequent, or it cannot be specifically defined to justify development of a Calculated or Deemed protocol.
Deemed Measure	As in a measure's deemed savings value; a savings (or cost) value that applies to a unit of specific measure, regardless of where or how the measure is installed. Measures for which it is possible to "deem" per-unit energy savings, cost, and load shape based on program evaluation data and engineering estimates. (For instance, one residential interior CFL lamp may have a deemed value of 24 kilowatt-hours per year.) This classification applies to both RTF and PSE Deemed (noted on the following page). This term has been supplanted by "UES", defined below.
Direct Benefit to Customer (DBtC)	A PSE-specific term, indicating rebates, grants, credits or services that are of value to customers. Services can include, but aren't limited to, credits on a monthly bill, upstream incentive provided to channel partners or trade allies — either within the PSE service territory or regionally — and free energy efficient devices available by mail.
Direct-Install Measure	A conservation measure that is installed by a PSE representative — rather than a PSE customer — into a qualifying structure.
Distribution	For the purposes of Schedule 292, means electrical facilities within the State of Washington that the Company owns or operates to convey electricity from the point of generation or purchase to the point of use by a Customer. Distribution includes transmission and distribution lines related substations and transformers.
EIA	Energy Independence Act. A reference to the 2006 voter initiative, The Washington Clean Energy Initiative. The vote resulted in the creation of RCW 19.285 and WAC 480-109, which is now referred to as the Energy Independence Act. The EIA was also sometimes colloquially referred to as "I-937".

Highly Impacted Communities	A community designated by the Department of Health based on the cumulative analysis required by RCW 19.405.140 or a community located in Census tracts that fully or partially on "Indian country" as defined in 18 USC Sec,1151. Highly Impacted Communities (HICs) measure: 1. pollution burden and environmental effects 2. impacts to the human body and communities of people
Measure	A product, device, piece of equipment, system or building design or operational practice used to achieve greater energy efficiency or to promote Fuel Conversion and Fuel Switching. Unless specifically enumerated in a specific CEM Program, all Measures, proposed by Customers or otherwise, shall meet or exceed the efficiency standards set forth in the applicable energy codes, or, where none exists, "standard industry practice" as determined by the Company. Measures will meet common construction practices, and meet industry standards for quality and energy efficiency.[37] Measures should also meet cost-effectiveness standards.
Named Communities	Deriving its definitions from the CETA statute and subsequent rule making, Named Communities (NCs) are the overlaying combination of Highly Impacted Communities (HICs) and Vulnerable Populations (VPs).
Orders (see also Conditions)	Overarching instructions to an entity under the purview of the Washington Utilities and Transportation Commission (UTC or Commission). Orders may be made at the conclusion of a Docket proceeding or throughout the course of a Docket's existence. At the time of the publication of this BCP, PSE is operating under Order 01 of Docket UE-171087, along with other Orders in various Settlement Stipulations or Agreements.
Program	Programs may consist of a single measure, an assortment of related measures or a suite of measures that are related strictly by delivery type or customer segment.
PSE Deemed	Relative to measure savings types (Custom, Calculated, PSE Deemed or RTF Deemed), these measures are supported by PSE engineering calculations or evaluation studies, in compliance with WAC 480-109-100(5).
RTF Deemed (see also UES)	A legacy term, only used in the Source of Savings database. Relative to PSE savings types (Custom, Calculated, PSE Deemed or RTF Deemed), supported by RTF analyses, in compliance with WAC 480-109-100(5).
Savings	Savings (both natural gas and electric) are defined and reported as those recognized in the first year of a measure's total expected life. PSE reports the total savings for the year that the measure was implemented, regardless of when it is installed. Electric savings are counted at the customer meter, not the busbar. Gas savings are counted at the customer natural gas meter. It is important to note that all measures have an associated life, during which the noted annual savings accumulate. Each measure has a different life, as determined by rigorous evaluation. The average measure life per program can be found in the CEM Cost-Effectiveness tables in Exhibit 2 of this report. As noted above, measures have associated savings beyond the first year; those savings continue to accrue to the benefit of PSE.
System	In this document, System may have the following meanings: 1) Any software program—supported by PSE's IT department or otherwise—or physical apparatus used to record, track, compile, report, archive, audit energy savings claims or financial data.

[37] Schedule 83, section 4, Definitions, #m. Schedule 183, section 4, #l.

	Electrical, and/or natural gas equipment that is either attached together or works in concert to provide space conditioning, plumbing functions or other end-uses associated with structures, such as HVAC systems, pumping systems, etc.
Vulnerable Populations	Defined by CETA as communities that experience a disproportionate cumulative risk from environmental burdens due to adverse socioeconomic and sensitivity factors. PSE co-created its definition of VPs with its Equity Advisory Group (EAG) and uses a Census block group scale to classify them.

Savings Terminology

Terms	Definition
CPA Pro-Rata Share	Pro-rata share of the utilities IRP's Conservation Potential Assessment's 10-year potential. Includes NEEA.
EIA Target	Equals the CPA Pro-Rata Share, applicable to electric savings
Decoupling Threshold	[EIA Target (electric) CPA Pro-Rata Share (gas) * 0.05]
Total Utility Conservation Goal/Achievement	All savings programs funded by Conservation Service Riders [EIA Target + Pilots + NEEA + 449/Special Contracts + Decoupling Threshold]
Adjusted Programs	Programs approved by the Commission to be excluded from a Penalty Threshold. For last three biennia, these included NEEA and Pilots with Uncertain Savings.
Utility-Specific Conservation Goal/Achievement	[Total Utility Conservation Goal/Achievement – (Excluded programs (for instance, NEEA, Pilots with uncertain savings, retail wheeling accounts, etc.) + adjustments)]
EIA Penalty Threshold	[Utility-Specific Conservation - Decoupling Threshold]
Excess Savings for Carbon (Dept of Commerce driven)	(Referencing results, rather than targets) The difference of [Total Utility-Conservation Achievement – Total Utility Conservation Goal]
PSE Excess Savings for Penalty Thresholds (UTC Driven)	(Referencing results, rather than targets) The difference of [(Total Utility-Specific Conservation Achievement) - (EIA Penalty Threshold + Decoupling Penalty Threshold)]

Acronyms

Acronym	Definition
ACEEE	American Council for an Energy-Efficient Economy
ACP	Annual Conservation Plan
ADR	Automated Demand Response
AMI	Advanced Metering Infrastructure/Area Median Income
aMW	Average MegaWatt. An expression of energy (versus “power”). It is used to express very large amounts of energy. The term represents an average of power (Megawatts [MW]) used over time (the standard term being one year or 8,760 hours). Thus, 1 aMW = 8,760 MWh.
ANSI	American National Standards Institute
ASHRAE	The American Society of Heating, Refrigeration and Air-Conditioning Engineers
BCP	Biennial Conservation Plan
BDR	Behavioral Demand Response
BDRP	Business Demand Response
BEM	Business Energy Management
BESS	Battery Energy Storage Systems
BIPOC	Black, Indigenous, and People of Color
BLi	Business Lighting Incentive
BLnc	Business Lighting New Construction
BLsli	Business Lighting Street Lighting
BLti	Business Lighting Tenant Improvement
BLx	Business Lighting Express
BOMA	Building Owner and Managers Association
CFL	Compact Fluorescent Lamp
CBA	Clean Buildings Accelerator
CBO	Community-Based Organization
CCA	Climate Commitment Act
CEIP	Clean Energy Implementation Plan
CEM	Customer Energy Management
CETA	Clean Energy Transformation Act
C/I	Commercial/Industrial. References programs in the Business Energy Management sector.
CPA	Conservation Potential Assessment
CRAG	Conservation Resource Advisory Group
CSEM	Commercial Strategic Energy Management
CSI	Comprehensive Small Industrial

DER	Distributed Energy Resource
DOE	Department of Energy
DR	Demand Response
DSMc	Demand Side Management central. A comprehensive project management system, developed and maintained by Nexant.
EA	Energy Advisor
EAG	Equity Advisory Group
EEC	Energy Efficiency Communities Team
EES	Energy Efficiency Services; a PSE legacy acronym that is still associated with some tracking and reporting systems and databases, referencing CEM's former name. (Eliminating this reference would cause severe disruption of queries and reports in some systems and filing structures.)
EE	Energy Efficiency
EIR	Energy Impact Review
EME	Energy Management Engineer
EM&V	Evaluation, Measurement and Verification
EPS	Energy Performance Score
ESCO	Energy Service Companies
ESPM	ENERGY STAR® Portfolio Manager®
EUI	Energy Use Intensity
EV	Electric Vehicle
EVSE	Electric Vehicle Supply Equipment
HER	Home Energy Report
HIC	Highly Impacted Community
HPWH	Heat Pump Water Heater
HVAC	Heating, Ventilation and Air Conditioning
FPL	Federal Poverty Level
GRC	General Rate Case
IEM	Industrial Energy Management
IRA	Inflation Reduction Act
IRP	Integrated Resource Plan
IRPAG	Integrated Resource Planning Advisory Group
ISEM	Industrial Strategic Energy Management
ISO	Industrial Systems Optimization
kWh	Kilowatt Hour. 1,000 watt-hours = 1 kWh, which is equivalent to 10 100-watt incandescent lamps being turned on for one hour.
LED	Light Emitting Diode (typically, a lamp type)
LIAC	Low Income Advisory Committee

LIHTC	Low-Income Housing Tax Credit
LTO	Limited-Time Offer
MBE	Minority Business Enterprise
MHNC	Manufactured Homes New Construction
MWh	Megawatt-hour. 1,000 kWh = 1 MWh
NEIs	Non-Energy Impact, Quantifiable. Formerly known as Non-Energy Benefit, or NEB. Attributes having a direct cost-effectiveness correlation applicable to the Total Resource Cost test. It is important to note that any reference to NEIs in any PSE document refers to those that are quantifiable. Any non-quantifiable benefits will be specifically noted.
NEEA	Northwest Energy Efficiency Alliance
NGAC	Natural Gas Advisory Committee
NPA	Non-Pipe Alternative
NWA	Non-Wire Alternative
NWPCC	Northwest Power and Conservation Council
P2	Public Participation Plan
P4P	Pay for Performance
PIM	Performance Incentive Mechanism
PPA	Power Purchase Agreement
RCW	Revised Code of Washington.
REM	Residential Energy Management
RFI	Request for Information
RFP	Request for Proposal
RTF	Regional Technical Forum, an advisory committee and a part of the Northwest Power and Conservation Council. The RTF develops standardized protocols for verifying and evaluating conservation.
SBDI	Small Business Direct Install (program within the BEM sector, Commercial Rebates).
SEM	Strategic Energy Management
SES	State Energy Strategy
SFE	Single Family Existing
SMB	Small- and Medium-sized Businesses
T&D	Transmission and Distribution
TAN	Trade Ally Network
TDSM	Targeted Demand Side Management
TEP	Telecommunications Efficiency Program
TRC	Total Resource Cost. The cost to the customer and/or other party costs to install or have installed approved Measures plus Utility Costs and minus Quantifiable Benefits (or Costs).
TVP	Time Varying Rates

UC	Utility Cost: The Company's costs of administering programs included, but not limited to, costs associated with incentives, audits, analysis, technical review and funding specific to the Measure or program and evaluation.
UES	Unit Energy Savings. Formerly "Deemed," the RTF updated the term in 2011.
VP	Vulnerable Population
VPP	Virtual Power Plant
WAC	Washington Administrative Code
WAP	Weatherization Assistance Program
WBE	Women Business Enterprise
WUTC, or UTC	Washington Utilities and Transportation Commission

Conclusion

This concludes PSE's Overview of its 2024-2025 Biennial Conservation Plan. The following Exhibits i through 8 provide an extensive amount of detailed information about how PSE will execute the concepts and initiatives described herein.

Consistent with WAC 480-109-120(1)(b)(i) and RCW 80.28.380, PSE requests that the Commission approve its 10-year conservation potential and biennial conservation targets. PSE acknowledges and is very appreciative of the partnership with the CRAG and the collaboration that was cultivated with CRAG members throughout 2023. PSE looks forward to further success in 2024-2025.

PSE additionally appreciates the input and cooperation of its regional partners, other PSE divisions, and its constituents. As it progresses through the upcoming biennium, PSE will continue to keep interested parties apprised of progress, program refinements, measure updates, and other adjustments.

This BCP is occurring in a time of remarkable change, as the region continues to respond to the vital importance of equity, decarbonization, electrification, and DER integration. It will be necessary to adaptively manage this plan throughout the biennium. PSE/CEM is committed to doing so through collaboration with the CRAG and other advisory groups.

Most importantly, PSE extends its thanks to its customers. PSE sincerely appreciates their acknowledgement of its efforts and the trust that they put into the dedicated people of CEM. PSE is a steward of their efficiency efforts and funding, and it takes its obligation to prudently use the funds that they provide to improve the environment for them and their children with the utmost respect and sincerity. PSE consistently strives to provide the highest level of customer service in the Northwest.

The CEM staff looks forward to a productive and constructive 2024-2025!

Respectfully submitted,

PSE PUGET SOUND ENERGY

Puget Sound Energy
Customer Energy Management