

Planned Changes to wattsmart Business in Washington November 15, 2018

PacifiCorp is planning modifications to the wattsmart Business energy efficiency incentive program, which is offered through Schedule 140. Consistent with the change process for the wattsmart Business program documented and approved in Advice 13-08 (Docket UE-132083), notice of the changes will be posted on the program website¹ 45 days prior to implementation. The planned effective date for the changes is January 1, 2019. Proposed changes to the incentive tables are included in Exhibit A.

Background

The wattsmart Business program is available to Pacific Power's commercial, industrial, and agricultural customers in Washington and offers incentives for prescriptive/typical, custom, and energy management measures. Incentives are available for both retrofit projects and new construction/major renovation projects. There is an enhanced incentive offer for existing small business customers as well as an instant incentive offer for qualifying lamps from participating distributors.²

Description of Planned wattsmart Business Changes - effective January 1, 2019

These changes are intended to

- a) Improve program cost-effectiveness by
 - a. Adopting the Regional Technical Forum non-residential lighting dual baseline savings and cost calculation methodology for lighting retrofits and small business lighting
 - b. Removing measures updated by the RTF that are no longer cost-effective.
- b) Update measures to align with Regional Technical Forum and Consortium for Energy Efficiency changes
- c) Streamline program participation processes for customers and trade allies
- d) Make other minor administrative changes.

Explanation of Changes

The planned program changes are summarized in the tables below. For additional details, refer to the revised wattsmart Business incentive tables and information, attached as Exhibit A. Exhibit A is marked in redline form to show the planned changes relative to the current program.³

¹ <https://www.pacificpower.net/bus/se/washington.html>

² This offer is marketed to customers as the Lighting Instant Incentive. It is also referred to as a "midstream" offer and is labeled as "mid-market" in Exhibit A.

³ For reference, the current program and incentive tables can be found at https://www.pacificpower.net/content/dam/pacific_power/doc/Business/Save_Energy_Money/WA_wattsmartBusiness_Incentive_tables_information.pdf

Incentives – General Information – Exhibit A, page 4		
Measure	Description of Change	Reason for Change
Lighting	Remove baseline wattage language	<p>The calculation methodology for lighting retrofits and small business lighting is being revised to more closely align with the Regional Technical Forum’s Non-Residential Lighting Retrofits standard protocol and incorporate a dual baseline methodology.</p> <p>As a result of this change, the language in the baseline adjustments section regarding baseline wattages is no longer applicable.</p>

INCENTIVES table – Exhibit A, page 5-6		
Measure	Description of Change	Reason for Change
Irrigation	<p>Change from reporting actual costs to reporting deemed costs for irrigation water distribution measures.</p> <p>Remove project incentive caps for irrigation water distribution measures.</p> <p>Add “Pump VFD” to the Irrigation measure in the table that continues to have project incentive caps.</p> <p>Add “Irrigation Water Distribution” to the table for the measures that will no longer have project incentive caps.</p>	<p>Costs for the irrigation water distribution measures are well-established from years of program data as well as RTF data.</p> <p>Capping incentives isn’t necessary for deemed cost measures since incentives are set to align with deemed costs.</p> <p>This change streamlines program operation by removing the need to check projects against the project incentive caps and simplifies the messaging for customers and trade allies.</p> <p>The irrigation pump VFD measure isn’t a deemed measure, so incentive caps are still needed to align with the intent for this measure to have incentives cover a portion but not all of the measure cost.</p>
Custom Non-Lighting Incentives for qualifying measures not on the prescriptive list	Add text to footnote 9 regarding the maximum simple payback threshold	The added text clarifies that the maximum simple payback threshold doesn’t apply for new construction and major renovation projects that are subject to state energy code.

Lighting System Retrofits Incentive Table – Exhibit A, page 7		
Non-General Illuminance Lighting – Exhibit A, page 9		
Measure	Description of Change	Reason for Change

LED Case Lighting		
Refrigerated Case Occupancy Sensor	Move case lighting measures and custom non-general illuminance from Non-General Illuminance Lighting table to Lighting Retrofit table	With the changes below, consolidating the remaining non-general illuminance lighting retrofit measures in the lighting retrofit table streamlines the lighting retrofit incentive offer.
Non-General Illuminance Custom		
Exit Sign	Remove exit sign measure and make it ineligible for incentives	This measure has become common practice and no longer requires incentives.
LED Message Center Sign	Remove measures from the incentive tables and instead provide incentives on a \$/kWh basis per the custom non-general illuminance measure	Contractors and customers often install both general and non-general illumination measures in a single project. Moving to a \$/kWh incentive aligns the incentive structure of these measures with the general illuminance measures in the Lighting Retrofit Incentive table and streamlines the incentive offering.
LED Channel Letter Sign		
LED Marquee/Cabinet Sign		
Non-General Illuminance Custom	Reduce incentive, incorporate into Custom Lighting measure	As most non-general illuminance measures not listed in the incentive tables are exterior sign lighting using similar lighting technologies and similar operating conditions, custom non-general illuminance incentives will be reduced to match \$/kWh incentive rate for the custom lighting measure on the Lighting Retrofit incentive table which was set to match the rate for exterior lighting.

New Construction/Major Renovation Lighting – Exhibit A, page 10		
Measure	Description of Change	Reason for Change
CFL Wall Pack	Remove measure and make it ineligible for incentives.	LED Wall Packs have replaced CFL Wall Packs as a measure, so CFL Wall Packs can be removed from the program.

HVAC Equipment – Exhibit A, page 12		
Measure	Description of Change	Reason for Change
Unitary Commercial Air Conditioners, Air Cooled	Add \$75/ton incentive for CEE Advanced Tier units	The Consortium for Energy Efficiency (CEE) has added an advanced tier for air-conditioning units. The efficiency standards for the advanced tier are significantly higher than other tiers and

		therefore have significant incremental savings potential. A \$75/ton incentive rate is being added to encourage the use of the most efficient air-conditioners available to customers.
Other HVAC Equipment and Controls Incentives – Exhibit A, page 15		
Measure	Description of Change	Reason for Change
Evaporative Pre-Cooler	Add text to note 5 clarifying evaporative pre-cooler incentives are subject to the maximum simple payback threshold	This is clear in the HVAC footnote on the INCENTIVES table on Exhibit A, page 5, and is now clear on the Other HVAC Equipment and Controls Incentive table on Exhibit A, page 15 as well.

Food Service Equipment – Exhibit A, page 18		
Measure	Description of Change	Reason for Change
Electric Insulated Holding Cabinet	Increase incentive	The Regional Technical Forum increased savings as well as measure costs for this measure. Increasing the incentive to align with latest RTF assumptions.
Electric Steam Cooker	Remove Tier 1 measure	The RTF analysis now considers the full range of Energy Star listed equipment, compared to previous analysis for just the most efficient steam cookers listed by Energy Star. Removing the Tier 1 measure to align with the latest RTF assumptions.
Electric Convection Oven	Change equipment category to full size ovens only. Reduce incentive.	Based on the most recent RTF analysis half size convection ovens are no longer cost-effective. The program will no longer offer incentives for half size ovens. Additionally, the RTF savings and costs for the full size ovens has decreased since the previous analysis. Incentives for full size units will be reduced in alignment with reduced incremental costs and savings.
Electric Commercial Fryer	Remove measure.	Based on the most recent RTF analysis the electric commercial fryer is no longer cost effective.

Appliances Incentive Table – Exhibit A, page 19		
Measure	Description of Change	Reason for Change
High Efficiency	Change equipment category to include commercial	The RTF analysis includes calculations for commercial washers used in conjunction with

Clothes Washer	washers with electric clothes dryers	electric clothes dryers. Adding this option to the program in alignment with RTF.
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Irrigation Incentives for Wheel Line, Hand Line or Other Water Distribution Portable Systems – Exhibit A, page 20

Measure	Description of Change	Reason for Change
Incentive table title	Add “Water Distribution” to the title of the table	To align with the naming convention in the INCENTIVES table that defines incentive cap applicability.
New rotating sprinkler replacing worn or leaking impact or rotating sprinkler	Increase incentive	RTF does not list rotator sprinkler specifically. PacifiCorp has offered the rotator for wheel lines to provide the option of replacing impacts with rotators. Savings is assumed to be the same as savings for impact sprinklers. As described below, the RTF updated savings for impact sprinklers. Incentive is increased in alignment with increased savings.
New or rebuilt impact sprinkler replacing worn or leaking impact sprinkler	Remove rebuilt option. Increase incentive.	The RTF savings value for rebuilt sprinklers is very low, so removing rebuilt option for cost-effectiveness reasons. Incentive for new sprinklers increases because savings for new sprinklers increased, per RTF 2018,.
New nozzle replacing worn nozzle of same design flow or less on an existing sprinkler	Remove requirement that all nozzles on the wheel line or hand line have to be replaced.	Common practice is not uniform when replacing nozzles. In some cases growers replace all nozzles on a line. In others they do not. Replacing only the worst offenders is beneficial and so should not be ineligible.
New flow control nozzle	Remove measure and provide incentive per the new nozzle measure.	Measure is not cost-effective, participation is low and list can be streamlined by consolidating this measure with the nozzle measure.
New drain replacing leaking drain	Reduce incentive	The RTF updated this measure, and the savings has been reduced. The incentive is reduced accordingly.

Irrigation Incentives for Pivot and Linear Water Distribution Systems – Exhibit A, page 21

Measure	Description of Change	Reason for Change
Gooseneck as part of conversion to	Remove measure	Low participation in the past. Following RTF, the savings has been reduced. The incentive that would be appropriate for the revised savings level is low. Remove the measure in the interest

low pressure system		of streamlining and maintaining incentives that are meaningful in the eyes of customers.
Drop tube (3 ft minimum length)	Remove measure	Low participation in the past. Following RTF, the savings has been reduced. The incentive that would be appropriate for the revised savings level is low. Remove the measure in the interest of streamlining and maintaining incentives that are meaningful in the eyes of customers.

Irrigation Incentives for Any Type of System – Exhibit A, page 21-22		
Measure	Description of Change	Reason for Change
Irrigation Pump VFD	Move note 4 into the limitations column	With the above changes to remove incentive caps for water distribution measures, the only irrigation measure where project incentive caps apply is the irrigation pump VFD. Moving note 4 text to the limitations column makes it clear this text now only applies to the irrigation pump VFD measure.

Mid-Market Incentives – Exhibit A, page 28-29		
Measure	Description of Change	Reason for Change
A-19 Lamp A-21 Lamp PAR Reflector Lamp BR Reflector Lamp Decorative Lamp	Add a sunset date for listed general service lamps	New federal efficiency standards are set to take effect for general purpose lamps January 1, 2020. The new standards will effectively make LEDs the default technology for these measures. A December 31, 2019 sunset date is being added to these measures. Incentives will not be available for these measures after December 31, 2019.
Reduced Wattage T8 and T5 HO Lamps	Remove and make ineligible for incentives.	These measures were added to the program to align with the Northwest Energy Efficiency Alliance’s reduced wattage lamp replacement initiative. The market has transformed and NEEA is moving this initiative to long term monitoring status. Removing these measures from wattsmart Business in alignment with NEEA.

Contractor Incentives/Promotions

Lighting – Advanced Lighting Control

As part of the pilot to increase lighting controls participation, the Company and its consultant collaborated with the Northwest Energy Efficiency Alliance's Luminaire Level Lighting Control (LLC) initiative manager. An outcome was the decision to add a contractor incentive for Advanced Lighting Controls.

Advanced Lighting Controls/LLCs are new technology that can be much more complicated to install and configure than previous lighting controls. Lighting contractors are often hesitant to adopt this new technology because the risk of errors and customer dissatisfaction are high until the contractor becomes familiar with the new technology.

The contractor incentive is designed to provide additional money to offset the initial training costs and potential risks of installing advanced lighting controls/LLCs.

As part of the lighting controls pilot, contractor incentives of \$30/fixture for Advanced Lighting Controls/LLCs will be provided for the first 3 lighting projects submitted to the program by each contractor. Only approved wattsmart Business Vendors are eligible for the \$30/fixture contractor incentive. Since the incentive is limited to the first three projects, it is not listed in the incentive tables (Exhibit A). Details on this incentive will be provided to approved wattsmart Business vendors.

HVAC – Advanced Rooftop Unit Control

The Advanced Rooftop Unit Control (ARC) measure (Exhibit A, page 15) is another measure where a contractor incentive could help address barriers and increase participation. As part of adaptive management, initial communication on this contractor promotion began in late September 2018. The ARC equipment must be installed and the application submitted by April 1, 2019 to qualify for a gift card.

It is intensive and expensive for contractors to learn to install new equipment such as the ARC. Often they need specialized training which can be expensive, on top of lost work days while training. The contractor incentive is designed to address the contractor learning curve barrier.

The promotion includes one \$100 gift card to the vendor per installed ARC limited to the first 5 installed ARC measures. Only approved wattsmart Business Vendors are eligible for the gift cards. The customer must receive an incentive through wattsmart Business for the project to be eligible. To encourage multiple vendors to participate, a vendor can receive no more than three of the five gift cards.

Since the promotion is limited, it is not listed in the incentive tables (Exhibit A). Details on this promotion will be provided to approved wattsmart Business vendors.

Note both of the above contractor promotions will be adaptively managed.

Regional Technical Forum (RTF) review

Updates to unit energy savings (UES) measures and standard protocols posted on the RTF website as of October 1, 2018, were reviewed for wattsmart Business measures included in the program.

Pacific Power's Planned Changes to Washington wattsmart Business – Nov 2018 for program effective Jan. 1, 2019

The results of this review can be found in Exhibit B. A significant change for the program effective January 1, 2019, is the calculation methodology for lighting retrofits and small business lighting to more closely align with the Non-Residential Lighting Retrofits standard protocol and incorporate a dual baseline methodology. This is described in more detail in Exhibit B.

Transition Plan

For projects where pre-approval is required (e.g. lighting retrofits and custom non-lighting), the version of the program that applies is based on the incentive offer issue date.

For projects where pre-approval is not required, the version of the program is based on the equipment purchase order/invoice date for the first item(s) purchased for the project.

Cost-Effectiveness

Cost-effectiveness analysis for this set of changes is the same analysis provided with the 2019 Annual Conservation Plan and is attached as Exhibit C.

Exhibits Provided

Exhibit A – *wattsmart* Business incentive tables and information – with changes from the current program (effective 7/1/2018) marked in redline form.

Exhibit B – Regional Technical Forum Alignment for Unit Energy Savings Measures and Protocols

Exhibit C – Cost-Effectiveness analysis