

## **Planned Changes to Wattsmart Business - California Proposed Effective Date – June 15, 2023**

As defined in its Biennial Budget Advice Letter for 2023-2024 (Advice 697-E), PacifiCorp (Pacific Power) is planning modifications to the Wattsmart Business energy efficiency incentive program, which is offered through Schedule A-140. The planned changes are intended to continue to update the program based on new statewide energy efficiency workpapers to improve consistency with other California energy efficiency programs and reach more Hard-to-Reach small business customers while still maintaining cost-effectiveness. Consistent with the change process for the Wattsmart Business program approved in Decision D.21-12-034 on December 16, 2021, the program changes incorporated in the Biennial Budget Advice Letter for 2023-2024 will be filed in a Tier 1 Advice letter, and, following a disposition on the Tier 1 Advice letter, notice of the changes will be posted on the program website<sup>1</sup> 45 days prior to implementation. Proposed changes to the incentive tables are included in Exhibit A.

### **Background**

The Wattsmart Business program is available to the Company's commercial, industrial and irrigation customers in California<sup>2</sup> and offers incentives and technical assistance for prescriptive/listed, custom, and energy management measures. Incentives are available for both retrofit projects and new construction/major renovation projects.

The program in California was last updated in March 2022. The prescriptive/listed measures in the program periodically require updates to maintain alignment with energy code, standards, third-party specifications, California's Electronic Technical Reference Manual (eTRM) statewide workpapers, and market data that change over time. The program is also periodically expanded to include new measures. As part of this set of program changes, the Company is incorporating the appropriate updates for 2023.

### **Description of Planned Wattsmart Business Changes**

These changes are intended to

- Align with [statewide workpapers in the eTRM<sup>3</sup>](#), including removal, addition or modification of measures.
  - Remove LED High/Low Bay measures for all lumen ranges.
  - Remove incentives for Electronically Commutated Motors replacing permanent split capacitor motors for evaporator fans in walk-in freezers and coolers. Maintain offering for shaded pole motor replacements.
  - Increase incentives for Commercial Heat Pump Water Heaters to \$500/unit.

---

<sup>1</sup> <https://www.pacificpower.net/savings-energy-choices/business/wattsmart-efficiency-incentives-california.html>

<sup>2</sup> The Wattsmart Business program is available in California, Washington, Idaho, Utah and Wyoming with some variation by state.

<sup>3</sup> <http://www.caltf.org/etrm-overview>

- Increase incentives for Clothes Washers to \$50/unit and specify that only multifamily common areas are eligible for this offering.
- Reduce incentives for Electric Steam Cooker to \$1,000/unit.
- Remove the well pump Variable Frequency Drive (VFD) measure. With savings and costs from the most recent revision to the statewide workpaper (September 8, 2022), the measure cost effectiveness is very low.
- Introduce the following measures:
  - Classroom HVAC Occupancy Sensor.
  - Commercial Hand-Wrap Machine.
  - Reach-In Refrigerator/Freezer.
- Re-introduce a Small Business Lighting offering to the program for customers on rate schedule A-25.
  - Offering for site-specific lighting (not covered by a statewide workpaper) will include a customer incentive of \$0.35/kWh annual savings, up to 90% of project costs.
  - Deemed measures will be offered a higher incentive than the typical program available to all business customers.
- Increase the custom lighting incentives to \$0.20/kWh for custom retrofit lighting and \$0.15/kWh for custom New Construction/Major Renovation (NCRM) lighting.
  - The BBAL language accidentally switched these new incentive rates for retrofit and NCRM lighting. The custom retrofit lighting rate is increasing from \$0.15/kWh to \$0.20/kWh, and the custom NCRM lighting rate is increasing from \$0.10/kWh to \$0.15/kWh.
- Although the irrigation category is not cost-effective, retain several irrigation measures to have an offering for irrigation customers.
  - As mentioned above, the well pump VFD measure will be removed, but the booster pump VFD measure will remain in the program.
  - Revise Regional Technical Forum (RTF) deemed costs for irrigation water distribution measures to index to current year dollars.
  - Add deemed savings and costs for the nozzle measure to the impact sprinkler measure, since impact sprinklers are required to come with new nozzle.
- Make other minor changes.

### **Explanation of Changes**

The planned program changes are listed and explained 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<sup>4</sup>.

---

<sup>4</sup> For reference, the current program and incentive tables can be found at [https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/california/CA\\_wattsmartBusiness\\_Definitions\\_Incentive\\_Tables\\_Information.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/california/CA_wattsmartBusiness_Definitions_Incentive_Tables_Information.pdf)

<b>Applicable – Exhibit A, page 1</b>	
<b>Description of Change</b>	<b>Reason for Change</b>
<p>Add a new “Applicable” section for the list of eligible rate schedules from Schedule A-140 (page 1) to the Exhibit A document that will be posted on the Pacific Power website.</p> <p>Remove Schedule A-33 from the list.</p>	<p>Adding the list of eligible rate schedules to the Exhibit A document so it can be managed/maintained there. In addition, there are language changes in the Definitions section at the end of the Exhibit A document related to this change.</p> <p>Remove Schedule A-33 from the list since it was canceled.</p> <p>The list of eligible rate schedules will remain in Schedule A-140 for now, so the list will be in the Exhibit A document on the website and in Schedule A-140.</p> <p>In the future, the company plans to file to change Schedule A-140 tariff to remove the list and to indicate this list will be maintained and available on the website (in the Exhibit A document). This will allow revisions to the list of eligible rate schedule to be included in the program change filings and avoid the need for two filings when there’s a need to modify the list of eligible rate schedules.</p>

<b>Incentives – Exhibit A, pages 2-3</b>	
<b>Description of Change</b>	<b>Reason for Change</b>
<p>Add a new category to the incentive caps table for Enhanced Incentives for Small Businesses.</p>	<p>Adding Enhanced Incentives for Small Businesses for lighting retrofits to reach more Hard-to-Reach small business customers.</p> <p>Given the limited access to capital faced by many small businesses, incentives for this offer are intended to be higher than lighting retrofit incentives available to customers of all sizes. The incentive cap of 90% of project costs is also higher than the 80% cap for lighting retrofits.</p> <p>Eligibility is limited to customers receiving electric service on Schedule A-25. Additional eligibility requirements will be maintained on Pacific Power’s website.</p> <p>More detail on the small business lighting offer is included in the description below.</p>

<b>Retrofit Lighting, Exhibit A, page 3-4</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
LED High Bay or Low Bay	Remove measures for all lumen ranges and make them ineligible for incentives.	These measures in the updated statewide workpapers are not cost effective.

Interior Lighting – Custom	Increase incentive.	Increasing the incentive is expected to drive more kWh savings.
----------------------------	---------------------	---

<b>New Construction/Major Renovation Lighting, Exhibit A, page 4</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Custom	Increase incentive.	Increasing the incentive is expected to drive more kWh savings.

<b>Motor Incentives, Exhibit A, page 5</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Electronically Commutated Motors	Remove sub-category for replacing PSC motors in walk-in freezer/cooler.	This sub-measure is being removed to improve overall cost-effectiveness.

<b>HVAC Equipment Incentives, Exhibit A, page 6</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Packaged Terminal Air Conditioners (PTAC)  Packaged Terminal Heat Pumps (PTHP)	Add a maximum for the size categories.	The statewide workpaper for these measures, SWHC027-02 Package Terminal Air Conditioner or Heat Pump, Under 24 kBtuh, has a maximum size category. Adding the maximum size to align with the statewide workpaper.

<b>Other HVAC Equipment and Controls Incentives, Exhibit A, pages 7-8</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Classroom HVAC Occupancy Sensor	Add new measure.	Adding a new HVAC measure from statewide workpaper SWHC012-01 HVAC Occupancy Sensor Classroom to expand the cost-effective measure offerings to customers.

<b>Food Service Equipment Incentives, Exhibit A, pages 9-10</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Electric Steam Cooker	Reduce incentive	Savings is reduced in the revised statewide workpaper. Reducing incentive to align with reduced savings.
Commercial Hand-Wrap Machine	Add new measure	Add new food service measure from workpaper SWFS010-02 Commercial Hand-Wrap Machine Electric, to expand cost effective measure offerings to customers.

Reach-In Refrigerator or Freezer	Add new measure	Add new food service measure from workpaper SWFS018-02 Reach-In Refrigerator or Freezer Commercial, to expand cost effective measure offerings to customers.
----------------------------------	-----------------	--

<b>Appliance Incentives, Exhibit A, page 11</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
High-Efficiency Clothes Washer	Update equipment category and increase incentive.	Specify workpaper-defined use case and remove references to Wattsmart Home Energy Savings program. The incentive for this use case can be higher than the previous Wattsmart Home Energy Savings offering because it is more cost effective.
Heat Pump Water Heater (Normal Replacement or New Construction)	Increase incentive.	Increase incentive to further engage market actors in a measure with high kWh savings potential.

<b>Irrigation Incentives, Exhibit A, page 12-14</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Impact sprinkler and rotating sprinkler measure	Revise incentive from \$0.50/unit to \$1.00/unit, which is the sum of the prior version's incentive for the sprinkler body and the nozzle separately.	Since new sprinklers are required to have new nozzles, this revision is a clarification for participants – they may now simply apply for the sprinkler incentive as a single measure rather than applying for both the sprinkler incentive and the nozzle incentive separately.
Irrigation well pump VFD	Remove irrigation well pump VFD measure and make it ineligible for incentives.	Measure does not pass cost-effectiveness using prescriptive savings, incremental measure cost, and NTG from the statewide workpaper.

<b>Enhanced Incentives for Small Business Lighting (Retrofit), Exhibit A, pages 17</b>		
<b>Measure</b>	<b>Description of Change</b>	<b>Reason for Change</b>
T8 TLED Lamp – UL Type A, A/B Dual Mode  (Accelerated Replacement)	Add new measure	Add new measure offerings for customers on rate schedule A-25, which qualifies them as a “hard-to-reach” customer. Offering will match statewide workpaper requirements with a higher incentive than the typical program.
T8 TLED Lamp – UL Type B		

(Accelerated Replacement)		
T8 TLED Lamp – UL Type B (Normal Replacement)		
T8 TLED Lamp – UL Type C (Normal Replacement)		
Interior Lighting – site specific measures	Add new measure	Add new measure offerings for customers on rate schedule A-25, which qualifies them as a “hard-to-reach” customer. Offering will cover up to 90% of project costs for site-specific lighting not covered by a statewide workpaper.

<b>Definitions – Exhibit A, page 20</b>	
<b>Description of Change</b>	<b>Reason for Change</b>
Modify definitions for <ul style="list-style-type: none"> <li>• Mixed Use</li> <li>• Non-residential Facility</li> </ul>	Modify the definitions to reflect and incorporate the new “Applicable” section.

**Electronic Technical Reference Manual (eTRM) Alignment Review**

As described in Application A.20-12-018<sup>5</sup>, upcoming program changes will be defined as part of budget advice letter preparation. Each budget advice letter will align with statewide workpapers available on the eTRM website (<http://www.caltf.org/etrm-overview>) as of September 1 of a filing year. The tables in Exhibit B include each listed Wattsmart Business measure, whether it is a deemed measure, the relevant measure in the eTRM statewide workpapers, and information about alignment of the Wattsmart Business measure and the eTRM measure.

**Description of Small Business Lighting Enhanced Incentives**

The small business lighting offer includes enhanced incentives and a streamlined process to make it easier for small business customers to participate and afford to upgrade their lighting and save energy and money. Most participants should see a payback on their out-of-pocket costs in approximately 14 months<sup>6</sup>.

<sup>5</sup> See page 23 of Application 20-12-018. Decision D.21-12-034 approved this application.

<sup>6</sup> Paybacks for customer with low operating hours may be longer than the expected average.

Customer eligibility requirements will be available on the program website and may be revised as needed to adaptively manage the offer. The initial customer eligibility language is provided below.

“California small businesses on rate schedule A-25 (with no accounts on other non-residential rate schedules at the same facility/site) are eligible to participate.”

By making only Schedule A-25 customers eligible, the offer will only be available to customers meeting the Hard-to-Reach criteria identifying a small business using less than 20 KW.

Customers will be required to use an approved Wattsmart Business lighting vendor for their projects. Approved vendors will provide a lighting assessment and incentive offer and receive customer approval to proceed prior to completing lighting upgrades. Customers will be responsible for choosing a vendor from the list of approved vendors and for the performance of that vendor. Customers can find an approved vendor using the Find a Vendor search on the program website and filtering the result to show lighting vendors.

Customer incentives will be automatically assigned to the vendor to streamline participation for the customer. Vendors will reflect 100% of the incentive on their invoice to the customer and vendors may receive a 1099 if required.

Complete participation procedures will be available on the program website and may be revised as needed to adaptively manage the offer.

Projects will be Accelerated Replacement measure application type, and the small business lighting calculation methodology for site specific savings projects will account for two measure baselines: one defined by pre-conditions and the second defined by standard practice. The program will report energy savings from the first baseline period and use an adjusted measure life in cost-effectiveness analysis to account for the savings reduction from baseline period 1 to period 2 such that the lifetime savings is correct. Reported project costs will be incremental costs as calculated by taking the difference between actual total eligible project cost to install the efficient lighting and the present value of the cost to upgrade to the efficient lighting from a standard practice baseline. Project incentive caps will be applied to the actual total eligible project costs.

### **Transition Plan for Projects in Progress**

For projects where pre-approval is required (e.g., custom measures), 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 the program with these changes was provided as part of PacifiCorp’s 2023-2024 Biennial Budget Advice Letter (Advice 697-E) filed October 7, 2022. The 2023-2024 Biennial Budget Advice Letter also includes a comprehensive description of the

company-specific model used for the analysis. The Wattsmart Business program forecast total resource cost and program administrator cost benefit/cost ratios meet or exceed 1.0 in 2023.



## **Evaluation Plan**

The Company offers Wattsmart Business in its other service territories. Evaluations are conducted at the program level with reports prepared for each state. Consistent evaluation plans throughout PacifiCorp's system-wide territory reduce administrative costs for the program. The most recent evaluation<sup>7</sup> was for the 2020-2021 program and was completed in December 2022.

## **Exhibits Provided**

Exhibit A – CA Wattsmart Business incentive tables effective 3-28-2022\_proposed changes for 2023 marked in redline form.

Exhibit B – Wattsmart Business eTRM alignment review

Cost-Effectiveness analysis – (same attachments as provided with BBAL)

Attachment 3.1\_PCorp CA BBAL PY2023 – WSB with Portfolio Costs

Memo\_05Oct2022.docx

Attachment 3.2\_PCorp CA BBAL PY2023 – Portfolio Memo\_05Oct2022.docx

---

<sup>7</sup>[https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/california/California\\_2018-2019\\_WSB\\_Evaluation\\_Final.pdf](https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/california/California_2018-2019_WSB_Evaluation_Final.pdf)