

Planned Changes to Wattsmart Business - California Proposed Effective Date – September 1, 2024

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 increase participation, improve cost-effectiveness relative to 2023 results, and continue to update the program based on new/updated statewide energy efficiency workpapers as of September 1, 2023, to continue to improve consistency with other California energy efficiency programs. These changes are part of an effort to implement improvements ahead of the next Biennial Budget Advice Letter (BBAL) due September 2024.

Consistent with the change process for the Wattsmart Business program approved in Decision D.21-12-034 on December 16, 2021, the program changes for 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 website¹ 45 days prior to implementation. Proposed changes to the incentive tables are included in Exhibit A.

Background

Wattsmart Business, a resource acquisition program, is available to the Company's commercial, industrial and irrigation customers in California² 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 June 2023. 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 performance in 2023 and the need to increase participation and cost-effectiveness are also major factors behind the changes. As part of this set of program changes, the Company is incorporating the appropriate updates for 2024.

Description of Planned Wattsmart Business Changes

These changes are intended to:

- Increase and expand lighting incentives to increase participation.
- Introduce vendor incentives for lighting and small business lighting to encourage vendors to propose more lighting projects in Pacific Power's California service area.
- Align with [statewide workpapers in the eTRM](#),³ including removal, addition, or modification of measures.

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

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

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

- Introduce measure offerings for UL type B LED Mogul Base Lamp HID Retrofits for Outdoor Area/Pole and Decorative Fixtures
- Add Schedule AT-29 to the list of rate schedules eligible for the program and remove Schedule LS-58.
- 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 program⁴.

Applicable – Exhibit A, page 1	
Description of Change	Reason for Change
Modify the list of eligible rate schedules in the “Applicable” section to add Schedule AT-29 and remove Schedule LS-58.	<p>Adding Schedule AT-29 since this is a new option for business customers. Any customers billed on this rate will pay the Schedule S-191 public purpose charge that funds the Company’s energy efficiency programs, and these customers should be eligible for the program.</p> <p>Remove Schedule LS-58 from the list since it was canceled.</p> <p>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>

Retrofit Lighting, Exhibit A, page 4-5		
Measure	Description of Change	Reason for Change
T8 TLED Lamp – UL Type A	Revise to incentivize UL Type A/B lamp when configured as UL Type A or Type B	UL Type A/B lamp can be configured to function as either UL Type A or Type B. The statewide workpaper SWLG 009-04 and SWLG018-03 has deemed savings for either configuration.
T8 TLED Lamp – UL Type B		
Interior Lighting (site-specific) – Controls only upgrade to Advanced Controls	Remove measure	Incentives will be available for controls only upgrades to Advanced Controls via the “Custom” interior lighting site specific measure.

⁴ 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

Interior Lighting – Custom	Increase incentive by approximately 25%	Increasing the incentive is expected to increase participation. For more information on this change, please refer to Exhibit B, Lighting Project Incentive Analysis.
Interior Lighting — Custom with Advanced Controls	Add new measure	Advanced controls are more costly to install than lamps and basic controls; a higher incentive is created to encourage customer participation.
Exterior Lighting – deemed measures UL Type B LED Mogul Base Lamp	Add new measures	Add new retrofit lighting measures from statewide workpaper SWLG020-01 to expand lighting options and increase participation.
Exterior Lighting – site specific measures	Add new measure	Add a new offering to expand lighting options and increase participation.

HVAC Equipment Incentives, Exhibit A, page 7-8

Measure	Description of Change	Reason for Change
Packaged Terminal Heat Pumps	Add heating mode efficiency requirement	The latest statewide workpaper now lists heating mode efficiency requirement in addition to cooling mode requirement.
Heat Pump, Air Cooled, replacing electric resistance heating	Change the minimum efficiency requirement from CEE to ENERGY STAR Simplify the incentive table by consolidating heating mode and cooling mode requirements	The ENERGY STAR light commercial heating & cooling specification took effect January 1, 2023, and requires higher efficiency than most CEE tiers in addition to addressing the new M1 testing procedure for small heat pumps. However, the ENERGY STAR specification only addresses heat pumps less than 240,000 Btu/hr. Larger heat pumps may be eligible for the program’s custom non-lighting incentive.

Food Service Equipment Incentives, Exhibit A, pages 10-11

Measure	Description of Change	Reason for Change
Electric Griddle	Specify that electric griddles must be single sided to be eligible for incentives	Deemed savings from statewide workpaper SWFS004-01 Commercial Griddle is only applicable to single-sided griddle.

Appliance Incentives, Exhibit A, page 12

Measure	Description of Change	Reason for Change
Heat Pump Water Heater	Modify minimum efficiency requirement	The latest statewide workpaper SWWH031-03 has deemed savings for heat pump water starting with 3.30 UEF. The program minimum

		efficiency requirement is modified to align with the statewide workpaper.
Appliance measures	Add notes	Add notes to clarify requirements for incentives.

Enhanced Incentives for Small Business Lighting (Retrofit), Exhibit A, pages 18		
Measure	Description of Change	Reason for Change
T8 TLED Lamp – UL Type A T8 TLED Lamp – UL Type B	Revise to incentivize UL Type A/B lamp when configured as UL Type A or Type B	UL Type A/B lamp can be configured to function as either UL Type A or Type B. The statewide workpaper has deemed savings for either configuration.

Electronic Technical Reference Manual (eTRM) Alignment Review

As described in Application 20-12-018,⁵ 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. Decision 21-12-034 changed the frequency of budget advice letters from annual to biennial. The last biennial budget advice letter was filed in 2022 for 2023-2024 and with the last program change in 2023, measures were aligned with the eTRM as of September 1, 2022. This program change for 2024 includes updates based on a review of the eTRM as of September 1, 2023. The tables in Exhibit C 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.

Vendor Incentives

To encourage participation in the Wattsmart Business program and to increase participation in select measures and for targeted customers, vendor incentives may be offered to Wattsmart Business vendors in good standing for qualifying projects. These incentives will be first come, first served until funding is exhausted, with per vendor caps for specific measures, such as lighting, to provide motivation for vendors to complete multiple projects. Initially, vendor incentives will be available for lighting and small business lighting projects and begin at the same time as the 2024 program changes.

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.

⁵ See page 23 of Application 20-12-018, approved in Decision D.21-12-034.

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 was previously provided as part of PacifiCorp's 2023-2024 Biennial Budget Advice Letter (Advice 697-E or 2023-2024 BBAL) filed October 7, 2022. The 2023-2024 BBAL also includes a comprehensive description of the Company-specific model used for the analysis as well as a description of cost-effectiveness challenges. This same model was updated for the planned 2024 program changes.

The 2023 Annual Report showed that the Wattsmart Business program achieved a total resource cost and program administrator cost benefit/cost ratio of 0.55 and 0.64 for each respective test. With the planned 2024 changes, the Wattsmart Business program forecast total resource cost and program administrator cost benefit/cost ratios are not anticipated to meet or exceed 1.0 in 2024. However, the program (including portfolio costs) is forecasted to improve its cost benefit ratios relative to 2023 results to a total resource benefit/cost ratio of 0.88 and a program administrator cost/benefit ratio of 0.94.

Not including portfolio costs, the program is forecasted to have a total resource benefit/cost ratio of 0.97 and a program administrator cost/benefit ratio of 1.05.

Evaluation Plan

The Company offers Wattsmart Business in its other service areas. 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 evaluation⁶ was for the 2020-2021 program and was completed in December 2022.

Exhibits Provided

Exhibit A – CA Wattsmart Business incentive tables effective 6-15-2023_with proposed changes for 2024 marked in redline form.

Exhibit B – Lighting Project Incentive Analysis

Exhibit C – Wattsmart Business eTRM alignment review

Cost-Effectiveness analysis

- Attachment C.1_PCorp CA BBAL PY2024 - WSB with Portfolio Costs Summary.docx (resource acquisition)
- Attachment C.2_PCorp CA BBAL PY2024 - Portfolio Memo.docx (equity and resource acquisition)

⁶https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/california/California_2018-2019_WSB_Evaluation_Final.pdf