

## **Pacific Power’s Planned Changes to Wattsmart Business in Washington Effective January 1, 2025**

Pacific Power 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 is posted on the program website<sup>1</sup> 45 days prior to implementation. The planned changes to the incentive tables are included in Exhibit A-1. There are no planned changes to Lighting Instant Incentives; the current incentives are included in Exhibit A-2. There are no planned changes to the enhanced non-lighting incentive offer for small businesses; the current incentives are included in Exhibit A-3.

### **Background**

The Wattsmart Business program is available to Pacific Power’s commercial, industrial, and irrigation customers in Washington and offers incentives for prescriptive/listed, 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 for both lighting and non-lighting retrofits as well as an instant incentive offer for qualifying lamps purchased from participating distributors.<sup>2</sup>

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

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

- a) Align the program’s measure offerings and incentives with the latest unit energy savings (UES) and Standard Protocols from the Regional Technical Forum (RTF) as of October 1, 2024
  - Add new measure for commercial connected thermostats (aligns with RTF measure)
  - Remove three food service measures discontinued for Washington by RTF
- b) Remove the green motor rewind measure
- c) Align the program with the latest energy code and third-party specifications such as Consortium for Energy Efficiency (CEE) and Energy Star, and
- d) Make other minor administrative changes.

### **Explanation of Changes**

The planned program changes are summarized in the tables below. For more details, refer to the revised Wattsmart Business incentive tables and information, attached as Exhibit A-1. Exhibit A-1 is marked in redline form to show the planned changes relative to the current program.<sup>3</sup>

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<sup>1</sup> [Washington Energy Efficiency \(pacificpower.net\)](http://www.pacificpower.net)

<sup>2</sup> 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-1.

<sup>3</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/washington/WA\\_wattsmartBusiness\\_Incentive\\_tables\\_information.pdf](https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA_wattsmartBusiness_Incentive_tables_information.pdf).

<b>Motors Incentive Table, Exhibit A-1, Page 10</b>		
<b>Category</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Green Motor Rewinds	Remove measure and make it ineligible for incentives (listed and custom non-lighting)	The organization that provided accreditation for Green Motor Rewinds no longer offers accreditation services. <sup>4</sup>

<b>Other HVAC Equipment and Controls Incentive Table, Exhibit A-1, page 14</b>		
<b>Category</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Connected Thermostat	Add new measure	The program had an incentive for Residential Smart Thermostats used in a Commercial Space. Adding the RTF's measure for Connected Thermostats to expand the thermostat offering.

<b>Food Service Equipment Incentive Table, Exhibit A-1, page 18</b>		
<b>Category</b>	<b>Description of Change</b>	<b>Reason for Change</b>
Electric Insulated Holding Cabinet	Remove measure and make it ineligible for Listed or Custom Non-lighting Incentives	WSEC 2021 mandates Energy Star V2.2, and RTF excludes Washington from its measure
Electric Convection Ovens	Remove measure and make it ineligible for Listed or Custom Non-lighting Incentives	WSEC 2021 mandates Energy Star V2.2, and RTF excludes Washington from its measure
Electric Combination Oven	Remove measure and make it ineligible for Listed or Custom Non-lighting Incentives	WSEC 2021 mandates Energy Star V2.2, and RTF excludes Washington from its measure

## **Other Adaptive Management Improvements**

### Vendor Incentives

To encourage participation in the overall Wattsmart Business incentives and to increase participation in select measures and for targeted customers, vendor incentives will continue to be offered to Washington Wattsmart Business vendors in good standing for qualifying projects. These incentives will be first come, first served until funding is exhausted, with per vendor caps for specific measures, such as lighting, to provide motivation for vendors to complete multiple

[WA\\_wattsmartBusiness\\_Lighting\\_Midstream.pdf \(pacificpower.net\)](#), [WA\\_Lighting\\_Instant\\_Incentive\\_Offer\\_9-4-2022.pdf \(pacificpower.net\)](#), and

[ExhibitA-3\\_Changes\\_to\\_WA\\_NonLighting\\_Incentive\\_Offer\\_1-2023.pdf \(pacificpower.net\)](#)

<sup>4</sup> [EASA Accreditation Auditor | GreenMotors | United States](#)

projects. Vendor incentives for 2025 will begin on January 1<sup>st</sup> and be for lighting, select non-lighting, and small business lighting/non-lighting projects.

In addition to the current non-lighting vendor incentives for advanced rooftop unit controls and small business non-lighting, Pacific Power will continue to offer vendor incentives for select air-conditioners and heat pumps.

### **Clean Energy Transformation Act**

In alignment with the Clean Energy Transformation Act (SB 5116, 2019), Pacific Power will continue to improve small business and Named Community business participation.

Named Communities include customers located in Highly Impacted Communities<sup>5</sup> and Vulnerable Populations. These Pacific Power customers face barriers to implementing energy upgrades in their businesses, including socioeconomic factors, such as limited English and limited access to capital for energy upgrades. Pacific Power will continue enhanced incentives and targeted outreach strategies to better serve these customers and to connect them with energy efficiency improvements.

All of the utility actions planned for 2024-2025 will continue for 2025:

#### *Wattsmart Business:*

- Continue to increase the number of businesses in Highly Impacted Communities and small businesses participating; 2024-2025 results will be reflected in the energy efficiency Customer Benefit Indicator metrics.
  - Enhanced customer incentives for Small Businesses in Highly Impacted Communities and Very Small Businesses
    - Continue the small business enhanced incentive lighting and non-lighting offers targeting Named Community Small Businesses (located in Highly Impacted Communities) and the smallest businesses using less than 30,000 kilowatt-hours per year (very small businesses) on Schedule 24.
    - Continue to offer higher incentives than the regular small business offer with incentives capped at 100% of project costs for lighting to reduce the customer out-of-pocket cost barrier.
  - Enhanced vendor incentives - Continue to offer approved small business lighting vendors a higher vendor incentive for completed lighting retrofit projects with Small Businesses in Highly Impacted Communities and Very Small Businesses.
  - Targeted outreach
    - Continue to target a portion of company initiated proactive outreach to Small Businesses in Highly Impacted Communities and Very Small Businesses; continue to tie proactive outreach to approved small business vendor capacity to respond to customer inquiries.
    - Target a portion of company initiated proactive outreach to business customers located on Tribal land.

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<sup>5</sup><https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>

- Continue development of program materials in Spanish; continue and increase outreach to Latine business customers, vendors, and community groups.

**Regional Technical Forum (RTF) review**

The program alignment to RTF Unit Energy Savings measures and Standard Protocols expected as of October 1, 2024, was reviewed as part of planning for program changes effective in January. The results of this review can be found 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. Should the earliest invoice date be prior to the current program’s effective date, the project may be subject to requirements and incentives from the prior program version.

**Cost-Effectiveness**

The Wattsmart Business program with the proposed changes is projected to be cost-effective for 2024-2025. Program level cost-effectiveness results (with and without Non-Energy Impacts or NEIs) are provided in the tables below.

**Wattsmart Business 2024-2025 Cost-Effectiveness (without Non-Energy Impacts)**

**Table 14: Wattsmart Business Cost-Effectiveness Results - PY2024 and PY2025**

Cost-Effectiveness Test	Levelized \$/kWh	NPV Costs	NPV Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	\$0.0606	\$30,559,098	\$52,659,973	\$22,100,874	1.72
Total Resource Cost Test (TRC) No Adder	\$0.0606	\$30,559,098	\$47,872,702	\$17,313,604	1.57
Utility Cost Test (UCT)	\$0.0551	\$27,775,149	\$47,872,702	\$20,097,553	1.72
Participant Cost Test (PCT)		\$19,908,275	\$69,905,672	\$49,997,397	3.51
Rate Impact Test (RIM)		\$80,556,496	\$47,872,702	(\$32,683,793)	0.59
Lifecycle Revenue Impacts (\$/kWh)					\$0.0016428
Discounted Participant Payback (years)					3.43

**Wattsmart Business 2024-2025 Cost-Effectiveness (with Non-Energy Impacts)**

**Table 15: Wattsmart Business with NEIs Cost-Effectiveness Results - PY2024 and PY2025**

Cost-Effectiveness Test	Levelized \$/kWh	NPV Costs	NPV Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	\$0.0606	\$30,559,098	\$60,236,478	\$29,677,379	1.97
Total Resource Cost Test (TRC) No Adder	\$0.0606	\$30,559,098	\$55,449,208	\$24,890,109	1.81
Utility Cost Test (UCT)	\$0.0551	\$27,775,149	\$47,872,702	\$20,097,553	1.72
Participant Cost Test (PCT)		\$19,908,275	\$77,482,177	\$57,573,903	3.89
Rate Impact Test (RIM)		\$80,556,496	\$47,872,702	(\$32,683,793)	0.59
Lifecycle Revenue Impacts (\$/kWh)					\$0.0016428
Discounted Participant Payback (years)					3.05

## **Exhibits Provided**

- Exhibit A-1 – WA WSB Incentive Tables effective 1-1-2024 w changes marked for 1-1-2025
- Exhibit A-2 –WA WSB Lighting Instant Incentive offer effective 1-1-2024
- Exhibit A-3 – WA Wattsmart Small Business Non-Lighting Enhanced Incentives effective 7-1-2023
- Exhibit B – WA WSB RTF Alignment Review for program effective 1-1-2025