

Planned Changes to Wattsmart Business in Washington Proposed Effective Date of January 1, 2021

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. Proposed changes to the incentive tables are included in Exhibit A-1. Proposed changes to lighting Instant Incentives are included in Exhibit A-2.

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 as well as an instant incentive offer for qualifying lamps purchased from participating distributors.²

Description of Planned Wattsmart Business Changes

These changes are intended to

- a) Further adaptively manage the program in response to the pandemic by continuing the temporary incentive increases put in place effective 8/1/2020 and temporarily increasing the project cost incentive caps where project level incentive caps apply
- b) Align with the updated Washington state energy code that is scheduled to become effective February 1, 2021
- c) Align the program's measure offerings and incentives with the latest unit energy savings (UES) and Standard Protocols from the Regional Technical Forum (RTF)
- d) Make other minor administrative changes

Explanation of Changes

Continue the Temporary Incentive Increase in Response to Coronavirus Pandemic

Given the coronavirus pandemic, program participants continue to face a multitude of challenges implementing energy efficiency projects. Availability of capital is a particular challenge facing many and program forecasts continue to indicate a shortfall in participation. To address this, the program is being adaptively managed and the temporary incentive increase put in place as of August 1, 2020 will continue. In addition, the project cost incentive cap will be increased for all measures with project level incentive caps.

¹ https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/savings-energy-choices/wattsmart-business/washington/WA_wattsmartBusiness_Incentive_tables_information.pdf

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.

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, and the Lighting Instant Incentive (midstream/midmarket) table, Exhibit A-2. Exhibits A-1 and A-2 are marked in redline form to show the planned changes relative to the current program.³

Definitions – Exhibit A-1, page 1		
Category	Description of Change	Reason for Change
Energy Efficiency Incentive Offer Letter	Remove customer acknowledgement	To streamline participation, participants no longer need to sign and return incentive offers for lighting projects. Removing the customer acknowledgement language from the definitions aligns with this improvement. (Participants do sign and return incentive offers for custom non-lighting projects.)

Incentives – General Information, INCENTIVES – Exhibit A-1, page 4-6		
Category	Description of Change	Reason for Change
Prescriptive Incentives - Lighting Retrofit		
Lighting New Construction/ Major Renovation (Facilities where energy code does not apply)	Increase the project cost incentive cap from 70 to 80 percent of project costs	Temporary increase in response to the pandemic
Irrigation Pump VFD		
Farm and Dairy		
Compressed Air		
Wastewater and other Refrigeration		

³ 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

Enhanced Incentives for Small Businesses – Lighting Retrofit	Increase the project cost incentive cap from 80 to 90 percent of project costs	Temporary increase in response to the pandemic
Custom Non-Lighting Incentives	Increase the project cost incentive cap from 70 to 80 percent of project costs	Temporary increase in response to the pandemic

Incentives – New Construction/Major Renovation HVAC Equipment Incentive Table – Exhibit A-1, page 12		
Category	Description of Change	Reason for Change
HVAC Systems	Add incentive offering to the program	<p>The new Washington State Energy Code (WSEC 2018) requires HVAC systems for new construction and major renovation of most office, retail, library, and education occupancies to meet or exceed the total system performance ratio (TSPR) of the code’s standard reference design.</p> <p>As TSPR measures building heating and cooling efficiency on a whole-system approach, the program needs an incentive offering for the entire HVAC system instead of incentives for the individual equipment installed.</p> <p>Participants will provide their U.S. Department of Energy Washington State TSPR Analysis report that is required as a code compliance submittal. This report documents the proposed building TSPR, confirms if it exceeds the baseline building TSPR, and provides the estimated energy savings relative to the baseline building. This will be reviewed and the incentive will be paid based on the approved energy savings.</p> <p>Note – Northwest Energy Efficiency Alliance provided assistance on development of this new measure.</p>

Incentives – HVAC Equipment Incentive Table – Exhibit A-1, page 13-16		
Category	Description of Change	Reason for Change
Notes for HVAC equipment incentive tables	Add note that facility types requiring TSPR are not eligible for the incentives listed in the table	A separate offering for HVAC systems has been added to the program to incentivize increased efficiencies in new construction and major renovation projects for office, retail, library and educational occupancies that exceed the new Washington State Energy Code 2018. See explanation above for more details.

Incentives – Other HVAC Equipment and Controls Incentive Table – Exhibit A-1, page 16-17		
Category	Description of Change	Reason for Change
Notes for other HVAC equipment and controls incentive table	Add note that facility types requiring TSPR are not eligible for the incentives in the table	See explanation above

Incentives – Food Service Equipment – Exhibit A-1, page 20		
Category	Description of Change	Reason for Change
Ice Machines (Air-Cooled Only)	Remove measure from the program and make it ineligible for incentives.	Incremental cost for most commercial ice machines has fallen to less than \$50 per unit and savings is reduced according to the RTF’s latest ice maker UES values.

Incentives – Appliances – Exhibit A-1, page 21		
Category	Description of Change	Reason for Change
Heat Pump Water Heater (Residential used in a business)	Revise incentive offering and revise eligibility requirement to NEEA tier 3 and higher equipment Add note about additional vendor incentive available to eligible contractors	This measure was previously offered using the requirements and incentive level from the Home Energy Savings program. The measure will now be offered directly from the Wattsmart Business program in alignment with the RTF’s recently added unit energy savings measure in the planning category for consumer heat pump water heaters in commercial applications. The RTF’s measure is tied to NEEA’s Advanced Water Heater Specification. Incentives will be available for equipment meeting NEEA’s Tier 3 consistent with the

		Home Energy Savings heat pump water heater measure.
Heat Pump Water Heater (CTA-2045)	Remove this additional incentive	The latest NEEA Advanced Heating Water Specification requires CTA-2045 or equivalent demand response capability for equipment designated as tier 3 or higher. The incentive for the CTA-2045 capability is incorporated into the incentive for Heat Pump Water Heater (residential used in a business).

Incentives – Small Business – Exhibit A-1, page 27-29		
Category	Description of Change	Reason for Change
LED Wrap Fixture Replacement	Add incentive offerings to the program	To expand lighting measures available to small business customers
Industrial Strip Kit w/ 8' TLED 2-lamp	Add incentive offering to the program	

Incentives – Mid-Market – Exhibit A-1, page 29-30; Exhibit A-2		
Category	Description of Change	Reason for Change
PAR Reflector Lamp BR Reflector Lamp MR-16 Reflector Lamp Decorative Lamp Recessed Downlight Kit	Remove from the program and make ineligible for incentives	The RTF updated unit energy savings values for midstream lighting measures in workbook version 3.1, which the program will align with for 2021. Workbook 3.1 reflects that Washington adopted a minimum 45 lumen per watt standards for general service lamps. The new minimum lumen per watt requirement sets a higher baseline, which decreases incremental costs and savings from efficient lamps to the point where these measures should be removed from the program.

Incentives – Direct Install – Exhibit A-1, page 30		
Category	Description of Change	Reason for Change
PAR Reflector Lamp	Remove from the program	See explanation above.
BR Reflector Lamp	Remove from the program	

Other Adaptive Management Improvements

The program has remained open for business during the pandemic and program staff is performing as much work as possible virtually that would normally be performed in person and on site. Other adaptive management improvements have been made as part of the program’s coronavirus pandemic response. For example, incentive processing times have been reduced for lighting and commercial listed measures by having the program administrator issue incentive payments after approval but prior to receiving incentive funding from PacifiCorp.

Regional Technical Forum (RTF) review

Updates to unit energy savings (UES) measures and standard protocols posted on the RTF website were reviewed recently for measures included in Wattsmart Business. The results of this review can be found in Exhibit B. The RTF website will be reviewed again as of October 1, 2020 and any further changes will be incorporated into the program for 2021.

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 attached as Exhibit C.

Exhibits Provided

Exhibit A-1 – Wattsmart Business incentive tables and information – with changes from the current program (effective 8/1/2020) marked in redline form.

Exhibit A-2 – Changes to Wattsmart Business Lighting Instant Incentive

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

Exhibit C – Cost-Effectiveness analysis