

## **PacifiCorp's Planned Changes to Home Energy Savings Program in Washington Proposed Effective Date of August 1, 2020**

PacifiCorp (Company) is planning to make changes to the Washington Home Energy Savings program (Program), administered under the Company's Wattsmart Home Energy Savings program which offers incentives and services for residential energy efficiency equipment and projects. The changes are driven by the need to mitigate coronavirus pandemic impacts on customer participation

Consistent with the approved change process for the Program, after receiving and addressing feedback from the Company's Washington Demand-side Management Advisory Group the proposed changes will be posted on the Program website 45 days prior to becoming effective and implemented. The changes will be effective August 1, 2020.

### **Background**

The Program, which is offered through Schedule 118, was approved by the Washington Utilities and Transportation Commission (Commission) and began operating in September 2006. The Program became effective on September 14, 2006 (UE-061297). The change process for the Program is described in advice letter 06-004, through which the program was introduced. Language describing the program change process is found on page 3 of Advice No. 06-004, which is copied below.

“...the Company would present information on proposed changes to its Advisory Group and seek comments prior to making changes. Changes in equipment specifications or incentive levels would be clearly posted on the Web site and emailed to the appropriate Commission staff person with at least 45 days advance notice.”

The Program change process is also described in provision of service no. 5 in the program tariff (Schedule 118). Provision of service no. 5 states:

“All changes will occur with a minimum of 45 days-notice, be prominently displayed as a change, include a minimum 45 day grace period for processing prior offers (except for manufacturer buy-down incentive delivery) and be communicated at least once to retailers who have participated within the last year.”

Program website: <https://wattsmartsavings.net/washington-residential/>

Annual reports and Program evaluation reports are available online at:  
<https://www.pacificorp.com/environment/demand-side-management.html>

## **Description of Planned Home Energy Savings Changes**

Changes are part of the adaptive management strategy for the Home Energy Savings program during the 2020-2021 biennium. These changes are primarily driven by the coronavirus pandemic.

- Boost participation by temporarily increasing partner and customer incentives by approximately 25 percent, where cost effective, in response to the coronavirus pandemic.
- Minor administrative changes
- Respond to evaluation findings, specifically the request Wattsmart Starter Kit – 2 Bathrooms offer (with two showerheads) will be dropped in response to the evaluation feedback that the second showerhead is immediately installed by customers. While modification to the number of kit component does not require a program change, it is being listed here for completeness.

## **Temporary Incentive Increase in Response to Coronavirus Pandemic**

Given the coronavirus pandemic, potential program participants face a multitude of challenges implementing energy efficiency projects. To address this, the program is being adaptively managed and incentives for almost all measures will be temporarily increased by approximately 25%. Refer to the Home Energy Savings incentive tables, which is marked in redline form to show the planned changes relative to the current program for each measure.

There are some measures where incentives will remain the same:

- Mail-by request Wattsmart Starter Kits – the kits are provided at no cost to customers and incentives have not been increased.
- Retail lighting incentives – the maximum incentives listed in the incentive tables remain as is. Lamps and fixtures not yet exceeding the maximum listed in the incentive table will be eligible for an increase. Equipment with current incentives at the maximum rate will not be increased.
- Duct sealing (direct install) – the measure is provided at no cost to manufactured home customers and incentives have not been increased.
- Advanced power strip – the measure is provided at no cost to customers and incentives have not been increased.
- CTA-2045 – the incentive for CTA-2045 demand response capability remains unchanged.
- Low-flow showerheads – showerheads are available through the Wattsmart Starter Kits or as direct installs, which are provided at no cost to the customer and incentives have not been increased.
- Low-flow aerators – aerators are available through the Wattsmart Starter Kits which are provided at no cost to the customer and incentives have not been increased.

These changes were discussed at a high-level with the Washington DSM Advisory Group during the May 15, 2020 meeting and were provided to Advisory Group for review and comment on June 5, 2020.

### **Regional Technical Forum (RTF) review**

No RTF review is included as part of these changes since Unit Energy Savings were not updated. The next review and update of Unit Energy Savings will occur in the fourth quarter of 2020, to incorporate RTF updates approved as of October 1, 2020 and changes will be effective on January 1, 2021

### **Cost-Effectiveness**

Including the program modifications described in this document, the Home Energy Savings program is expected to be cost-effective over the 2020-2021 period, with a Total Resource Cost benefit-cost ratio, including the 10% conservation adder and non-energy impacts (NEIs) of 1.19. Program-level cost-effectiveness results are provided in the table below (which is also found in Table 14 of Exhibit 2). Additional information on inputs and results is provided in Exhibit 2.

#### **Home Energy Savings Cost-Effectiveness Results, Including NEIs Cost-Effectiveness Results – 2020-2021**

<b>Cost-Effectiveness Test</b>	<b>Levelized \$/kWh</b>	<b>Costs</b>	<b>Benefits</b>	<b>Net Benefits</b>	<b>Benefit/Cost Ratio</b>
Total Resource Cost Test (PTRC) + Conservation Adder	\$0.1323	\$8,514,511	\$10,135,847	\$1,621,337	1.19
Total Resource Cost Test (TRC) No Adder	\$0.1323	\$8,514,511	\$9,427,789	\$913,278	1.11
Utility Cost Test (UCT)	\$0.0833	\$5,364,926	\$7,080,582	\$1,715,656	1.32
Participant Cost Test (PCT)		\$5,303,470	\$10,832,452	\$5,528,982	2.04
Rate Impact Test (RIM)		\$11,696,285	\$7,080,582	(\$4,615,703)	0.61
Lifecycle Revenue Impacts (\$/kWh)					\$0.0002243
Discounted Participant Payback (years)					4.83

The contribution of non-energy impacts is material and increases the Cost-Effectiveness Test results from 0.91 (see Table 5 in Exhibit 2) to 1.19.

Proposed Program changes beyond the incentive increases are summarized in the modification tables below.

### **Exhibits Provided**

Exhibit 1 - Washington HES Incentive Tables – Red-lined

Exhibit 2 - Cost-Effectiveness memo from AEG – June 3, 2020

<b>Program Modifications – Single Family Water Heating Incentives</b>			
<b>Measure Name</b>	<b>Description of Changes</b>	<b>Current Offering</b>	<b>Revised Offerings</b>
Heat Pump Water Heater (CTA-2045)	<p>Add language to clarify that incentives is for heat pump water heaters and not air heat pumps</p> <p>Air heat pump is eligible for CTA-2045 under a different bonus incentive</p>	\$50 per heat pump	\$50 per heat pump water heater

<b>Program Modifications – Manufactured Homes Incentives</b>			
<b>Measure Name</b>	<b>Description of Changes</b>	<b>Current Offering</b>	<b>Revised Offerings</b>
New ENERGY STAR Homes	<p>Add the word “Homes” to the measure name</p> <p>Increasing the incentive in response to the coronavirus pandemic</p>	\$2,000	\$2,500