Pacific Power's Planned Changes to Wattsmart Homes Program in Washington

Effective January 1st, 2027

Pacific Power (Company) is planning to make changes to the Washington Wattsmart Homes program (Program), administered under the Company's Wattsmart Homes program, which offers incentives and services for residential energy efficiency equipment and projects.

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 January 1st, 2027.

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

Summary of Planned Wattsmart Homes Changes

Changes are part of the adaptive management strategy for the Wattsmart Homes program for the 2026-2027 biennium and are designed to increase residential energy savings and help achieve the Energy Independence Act targets.

- Increase Trade Ally incentive for Heat Pump Water Heaters from $2,000 to $2,300
- Increase incentives for MF Packaged Terminal heat Pumps
- Increase direct install incentive for Duct Sealing and Heat Pump Water Heaters
- Introduce a Room Heat Pump offering for multifamily customers.
- Introduce an Energy Savings Weatherization Kit offering for Named Community customers.
- Introduce an HVAC Tune Up measure for heat pumps and central air conditioners.
- Introduce an Irrigation Pump Variable Frequency Drive measure. This measure will be available for preexisting fixed speed irrigation pumps on residential rate schedules.
- Introduce a U-factor of 0.30 or lower tier for multifamily windows meeting specified preconditions.
- Remove the direct install delivery requirement for Door Sweeps.
- Remove the direct install requirement for Tree Planting and increase the up to incentive amount. These changes will create greater flexibility for future tree planting initiatives.
- Discontinue Smart Thermostat and Electronic Line Voltage Connected Thermostat incentives for all home and heating types
- Discontinue Evaporative Cooler incentives for all home types.

Following includes an explanation of changes beginning with Exhibit A which contains incentive tables redlined to show changes for January 1, 2027.

Explanation of Changes

Program Modifications – Single Family HVAC Incentives			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Central Air Conditioner	Clarify efficiency requirements	>14.3 SEER2 or 15 SEER	AHRI certified with a SEER2 rating of 14.3 or greater and EER2 rating of 11.9 or greater for split systems and 11.4 or greater for packaged systems

Program Modifications – Single Family HVAC Incentives			
Smart Thermostat	Discontinue Incentive Offering.	Retail: $100 Direct Install: $150	$0
Duct Sealing (Direct Install)	Increase the Test and Seal incentive	Test and Seal: $500 Test Only: $80	Test and Seal: Up to $800 Test Only: $80
Evaporative Coolers 2,000-3,499 CFM	Discontinue Incentive Offering	$62	$0
Evaporative Coolers 3,500+ CFM	Discontinue Incentive Offering	$312	$0
Electronic Line Voltage Connected Thermostat	Discontinue Incentive Offering	$56 Retail $100 Direct Install	$0
HVAC Tune Up	Introduce New Offering	$0	Air Source Heat Pump: $75/ton Central Air Conditioner: $20/ton

Program Modifications – Water Heater Incentives			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Heat Pump Water Heater (Not Direct Install)	Increase the incentive	Customer: Up to $2,000 Market: Up to $500	Customer: Up to $2,300 Market: Up to $500
Heat Pump Water Heater (Direct Install)	Increase the "up to" incentive	Up to $2,500	Up to $2,800

Program Modifications – Other Incentives			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Door Sweep	Remove direct install requirement.	$21	$21
Variable Frequency Drive Irrigation Pump	Introduce New Offering	$0	$75/Horsepower

Program Modifications – Manufactured Homes Incentives			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Smart Thermostat	Discontinue Incentive Offering	Retail: $100 Direct Install: $150	$0
Evaporative Coolers 2,000-3,499 CFM	Discontinue Incentive Offering	$125	$0
Evaporative Coolers 3,500+ CFM	Discontinue Incentive Offering	$375	$0
Electronic Line Voltage Connected Thermostat	Discontinue Incentive Offering	$56 Retail $100 Direct Install	$0
HVAC Tune Up	Introduce New Offering	$0	Air Source Heat Pump: $75/ton Central Air Conditioner: $20/ton
Duct Sealing (Direct Install)	Increase the Test and Seal incentive	Test and Seal: $500 Test Only: $80	Test and Seal: Up to $800 Test Only: $80

Program Modifications – Multifamily Homes Incentives			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Windows (pre-condition) baseline)	Offering U-factor of 0.30 or lower incentive tier	-	Replacing single pane wood/metal: Up to $10/sq-ft Replacing double pane metal: Up to $5/sq-ft
Smart Thermostat	Discontinue Incentive Offering	Retail: $100 Direct Install: $150	$0
Evaporative Coolers 2,000-3,499 CFM	Discontinue Incentive Offering	$62	$0
Evaporative Coolers 3,500+ CFM	Discontinue Incentive Offering	$312	$0
Packaged Terminal Heat Pump	Increase the incentive	Customer: Up to $300 Market: Up to $100	Customer: Up to $400 Market: Up to $200
Electronic Line Voltage Connected Thermostat	Discontinue Incentive Offering	$56 Retail $100 Direct Install	$0
HVAC Tune Up	Introduce New Offering	$0	Air Source Heat Pump: $75/ton Central Air Conditioner: $20/ton
Room Heat Pump	Introduce a New Offering	$0	CEE Tier 2: $900/unit CEE Advanced Tier: $1,200/unit

Program Modifications – Enhanced Incentives for Highly Impacted Communities and Vulnerable Populations			
Measure Name	**Description of Changes**	**Current Offering**	**Revised Offering**
Tree planting	Remove direct install requirement and increase incentive.	Up to $150	Up to $200
Energy Saving Weatherization Kit	Introduce New Offering	$0	Up to $85

Adaptive Management

Changes are part of the adaptive management strategy for the Wattsmart Homes program for the 2026-2027 biennium and are designed to increase residential energy savings and help achieve the Energy Independence Act targets. Changes are also intended to increase the equitable distribution of benefits and inform utility actions specific to the Clean Energy Transformation ACT (CETA).

- Adaptive management will include promotions, SPIFs, and bonuses with defined time limits

and participation caps. These bonuses and SPIFs could include gift cards, lunches, activities, checks, and/or reimbursement for point-of-sale discounts.

- Increasing the number of Limited Time Offers and pop-up sales at community events.
- Employ data mining to improve identifying and reaching customers that use electric heating for no cost direct install measures.

Clean Energy Transformation Act Utility Actions (Equity-focused initiatives)

In alignment with the Clean Energy Transformation Act (SB 5116, 2019), Pacific Power will continue to implement actions that are in place to improve Named Community customer participation.

Named Communities include Highly Impacted Communities and Vulnerable Populations. These Pacific Power customers face barriers to implementing energy upgrades in their homes, 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.

Wattsmart Homes implementation and delivery will focus effort on increasing CBI metrics through enhanced incentives, new and continuing program offerings and support to increase participation in energy efficiency options for customers living in Highly Impacted Communities (HIC). In addition, Wattsmart Homes will continue to provide services and support for customers in Vulnerable Populations (VP). The following utility actions are planned for 2026-2027:

Actions to serve Named Communities

- Enhanced incentives for windows in multi-family units on residential rate schedules. Initial focus on buildings in highly impacted communities.
- Continued direct install duct sealing in highly impacted communities. The emphasis on this program offer originally focused on customers in manufactured homes and the effort was so successful reaching this customer segment that the program shifted to single family homes in highly impacted communities.
- Continued promotion of new construction offerings for multifamily and single-family units with an emphasis on HICs. Outreach efforts include engaging with local building permitting departments to ensure customers are identified and engaged.
- Serve named community residential customers with enhanced incentives for ductless heat pumps and heat pump conversions. The program will continue to use RTF deemed values for ductless heat pump installations that assume a zonal electric resistance baseline since RTF does not have any measures for alternative fuel source replacement or conversions. Highly impacted community determination will be included in customer data provided by PacifiCorp.

- Continue offering no-cost tree planting to customers in highly impacted communities. Trees will be offered on an initiative basis and may not be available every year. Offerings will be informed by the outcomes of current and past planting initiatives.
- The program will introduce an energy savings weatherization kit offering to a subset of customers meeting named community criteria. The program plans to engage customers residing on tribal lands before offering the kits to a broader set of named community customers. We plan to deliver 300 kits in 2027. Kits will contain products that are easy to self-install and achieve energy savings by reducing air leakage. They will include door sweeps, window shrink and seal insulation kits, weatherstripping, foam tape for windows and doors, spray foam insulation, and foam outlet and switch gaskets. Customers with electric water heating will receive a thermostatic shower restriction valve in addition to the weatherization contents. The kit will also include informational inserts to educate customers about additional energy-saving opportunities.
- The program will continue efforts to reach Spanish-speaking customers through all aspects of program delivery including:
    - Customer facing staff fluent in Spanish
    - PacifiCorp representation at cultural events, associations, community groups, and media
    - Provide communications, marketing, web, and program materials in Spanish

Regional Technical Forum (RTF) review

The program alignment to RTF Unit Energy Savings measures is reviewed each year as part of planning for program changes effective in January. Measure specific information is included in the Exhibit B RTF Alignment Review WSH attachment.

Transition Plan

The measure effective date dictates the applicable program version and incentives available. For measure effective dates starting 1/1/2027, the new version of the program applies. For measure effective dates prior to 1/1/2027, the version of the program in effect at the time applies.

For all post-purchase measures, the purchase date is used to determine the measure effective date. For trade ally projects, the invoice date or date of installation is used to determine the measure effective date. Incentive application and supporting documentation must be postmarked or submitted online within 180 days of the equipment purchase or installation.

For New Manufactured Homes the date of title transfer is used to determine the measure effective date. The program requires that incentive application and supporting documents are submitted within 180 days of the title transfer.

The certificate of occupancy issuance date is used to determine the measure effective date in the Single-Family New Homes program and Multifamily New Homes program. The program requires that all documents are submitted within 180 days of certificate of occupancy issuance

date.

The program may grant exceptions to these rules.

Cost-Effectiveness

The Wattsmart Homes program with the proposed changes is not projected to be cost-effective for 2026; however, the portfolio of programs (excluding Low Income Weatherization) with the proposed changes is projected to be cost effective for 2025 for the primary tests. Program level cost-effectiveness results (with and without Non-Energy Impacts or NEIs) are provided in the cost-effectiveness analysis exhibit.

Exhibits Provided

A . Exhibit A WA WSH Incentives Tables effective 5-17-2025 redlines for 01012026

B. Exhibit B RTF Alignment review WSH_for 01012026

C. Cost-Effectiveness Analysis