

PacifiCorp’s Planned Changes to Wattsmart Business in Idaho January 2023

PacifiCorp is planning modifications to the Wattsmart Business energy efficiency incentive program (“Program”), which is offered through Schedule 140. Consistent with the flexible tariff process¹ documented and approved in Case No. PAC-E-12-10, notice of the changes will be posted on the program website² 45 days prior to implementation. Proposed changes to the incentive tables are included in Exhibit A.

BACKGROUND

The Wattsmart Business program is available to PacifiCorp’s commercial, industrial, and agricultural customers in Idaho and offers incentives for prescriptive, custom and energy management measures. Incentives are available for both retrofit projects and new construction/major renovation projects.

DESCRIPTION OF PLANNED WATTSMART BUSINESS CHANGES

Proposed adjustments are listed below, with further explanation provided in subsequent sections.

1. Add, adjust, and discontinue incentives and offerings throughout the Program.

MEASURE UPDATES

As a result of the Company’s ongoing review of its offerings, including reviews of eligibility requirements, savings assumptions, and incentive levels, several proposed changes have been identified to improve Program offerings. The purpose of these changes is to better align with current measure research, market conditions, and cost effectiveness thresholds. The sections below describe the proposed changes for each measure category. It should be noted that the sections and tables below only reference measures with proposed changes and do not constitute a comprehensive list of all Program offerings in each category. Current Program offerings that are not specified in the sections below will remain unchanged.

Lighting System Retrofits

- **Interior Lighting** – It is proposed to increase the non-prescriptive maximum “up to” incentive to \$0.22/kWh, and increase the offered incentives for new fixtures and retrofit kits to reflect changing market prices.

Maximum “up to” Incentives for Lighting System Retrofits

Measure	Category		Current Maximum “up to” Incentive	Proposed Maximum “up to” Incentive
	Interior Lighting	Non-Prescriptive		
Lighting System Retrofit	Interior Lighting	Non-Prescriptive	\$0.20/kWh	\$0.22/kWh

¹ See Direct Testimony of Nancy Goddard pp. 16-18 and Attachment C in Case No. PAC-E-12-10.

² <https://www.rockymountainpower.net/savings-energy-choices/business/wattsmart-efficiency-incentives-idaho.html>

Offered Incentives for Lighting System Retrofits

Lighting Category	Eligibility Requirements		Current Offered Incentive	Proposed Incentive
Interior Lighting	New Fixture	Advanced Controls	\$0.20/kWh	\$0.22/kWh
		Basic Controls	\$0.18/kWh	\$0.20/kWh
	Retrofit Kits	Advanced Controls	\$0.16/kWh	\$0.18/kWh

Motor Incentives

- **Green Motor Rewinds** – It is proposed to increase the maximum “up to” incentive for Green Motor Rewinds to \$2/horsepower (hp), and split the offered incentive between customers and vendors at \$1/hp each.

Maximum “up to” Incentives for Motors

Equipment Type	Current Maximum “up to” Incentive	Proposed Maximum “up to” Incentive
Green Motor Rewinds	\$1/hp	\$2/hp

Offered Incentives for Motors

Equipment Type	Proposed Incentives	
	Customers	Vendors
Green Motor Rewinds	\$1.00	\$1.00

HVAC Equipment Incentives

- **Unitary Commercial Air Conditioners and Heat Pumps**– It is proposed to discontinue and adjust incentives for the equipment sizes specified in the table below due to increased federal standards. Select incentives may be re-instated in the future based on updated standards.

Offered Incentives for HVAC

Equipment Type	Size category	Current Offered Incentive	Proposed Offered Incentive
Unitary Commercial Air Conditioners, Air-Cooled	≥ 65,000 Btu/hr and ≤ 760,000 Btu/hr	\$50/ton	\$0/ton
Unitary Commercial Heat Pumps, Air-Cooled	< 65,000 Btu/hr (three phase)	\$25/ton	\$0/ton
	≥ 65,000 Btu/hr and < 240,000 Btu/hr	\$25/ton	\$50/ton
	≥ 240,000 Btu/hr	\$25/ton	\$0/ton

Other HVAC Equipment Incentives

- **Advanced Rooftop Unit Controls** – It is proposed to add a new offering for advanced rooftop control units that are less than five tons to give participants additional options.

Offered Incentives for HVAC Equipment

Equipment Type	Size Parameters	Current Offered Incentive	Proposed Offered Incentive
Advanced Rooftop Unit Control (Retrofit)	< 5 ton	\$0	\$500
Advanced Rooftop Unit Control (New RTU)	< 5 ton	\$0	\$400
Advanced Rooftop Unit Control (DCV Only)	< 5 ton	\$0	\$300

Fleet Vehicles, Wastewater, and other Refrigeration Energy Efficiency Measures

- **Engine block heater control** – It is proposed to add a new measure for engine block heater controls, with the maximum and initially offered incentives set at \$150 and \$125, respectively, per controller.

Incentives for Fleet Vehicles, Wastewater, and Other Refrigeration Energy Efficiency Measures

Equipment Type	Current Maximum “up to” Incentive	Currently Offered Incentive	Proposed Maximum “up to” Incentive	Proposed Offered Incentive
Engine block heater control	\$0 per controller	\$0 per controller	\$150 per controller	\$125 per controller

Small Business Enhanced Incentives

The Company’s Small Business Enhanced (“SBE”) program, previously known as the Small Business Direct Install program, allows customers to work with approved vendors to install energy efficient lighting and non-lighting upgrades at their facility. To encourage customers to install more non-lighting measures, the SBE program will begin to cap lighting incentives at \$5,500 and allocate \$2,000 for non-lighting measures. The current maximum incentive amount for the SBE program will remain at \$7,500 per facility, and customers will remain responsible for a 25 percent co-pay on project costs.

Offered Incentives for Small Business Enhanced

Measure Type	Minimum Eligibility Requirements	Customer Co-Pay	Proposed Offered Incentive
Lighting	Facility meters on eligible customer rate schedule and “Small” customer size category	25%	\$5,500
Non-Lighting			\$2,000

Market Incentives Table

- **A-Lamps, Decorative Lamps, Downlight Kits, PAR/BR Reflector Lamps** – It is proposed to discontinue these offerings due to federal standards and market adoption.
- **MR-16 Reflector Lamps, Pin-Based Lamps, Linear Replacement Lamps, HID Replacement lamps, and Outdoor Retrofit Kits** – It is proposed to adjust offerings under these equipment types to better align with current measure research and market conditions.
- **Outdoor Fixture Replacements** – It is proposed to add a new measure for outdoor fixture replacements, with a maximum incentive set at \$250/fixture. Initially offered incentive amounts are listed in the table below.

Maximum “up to” Incentives for Market Lighting

Equipment Type	Category	Current Maximum “up to” Incentive	Proposed Maximum “up to” Incentive
LED	A-Lamps	\$10/Lamp	\$0/Lamp
	Decorative Lamps	\$10/Lamp	\$0/Lamp
	Downlight Kits	\$15/Fixture	\$0/Fixture
	Outdoor Fixture Replacements	\$0/Fixture	\$250/Fixture

Offered Incentives for Market Lighting

Measure Category	Equipment	Current Offered Incentive (Per lamp, kit, fixture)		Proposed Incentive (Per lamp, kit, fixture)	
		Distributor	Customer	Distributor	Customer
		Reflector Lamps	MR-16 Lamp	\$1.75	\$1.25
Pin-Based Lamps	PLC Lamp < 10 W	\$4.00	\$2.50	\$1.00	\$1.00
	PLC Lamp ≥ 10 W	\$4.00	\$2.50	\$2.00	\$2.00
	PLL Lamp	\$4.00	\$6.50	\$2.00	\$3.00
Linear Replacement Lamps	T8 TLED Lamp – Type A, A/B Dual Mode	\$1.25	\$2.50	No Change	\$2.00
	T8 TLED Lamp – Type B	\$2.00	\$3.00	\$1.00	\$1.00
	T8 TLED Lamp – Type C	\$3.25	\$6.50	No Change	\$5.00
	T5 TLED Lamp – Type A, A/B Dual Mode	\$2.50	\$3.50	\$2.00	\$3.00
HID Replacement Lamp	HID Replacement Lamp < 40	\$12	\$15	\$10	\$10
	HID Replacement Lamp ≥ 40 & < 70 W	\$12	\$18	\$10	\$15
	HID Replacement Lamp ≥ 140	\$30	\$40	\$25	No Change
Outdoor Retrofit Kits	Outdoor Retrofit Kit, < 50 W	\$10	\$40	No Change	\$20
	Outdoor Retrofit Kit ≥50 & <90	\$20	\$50	\$15	\$35
	Outdoor Retrofit Kit ≥90 & <135	\$30	\$60	\$25	\$45
	Outdoor Retrofit Kit ≥135 & <220	\$40	\$70	\$30	\$55
	Outdoor Retrofit Kit ≥ 220	\$50	\$80	No Change	\$70
Outdoor Fixture Replacements	Outdoor Fixture Replacement, < 50 W	\$0	\$0	\$15	\$25
	Outdoor Fixture Replacement ≥50 & <90	\$0	\$0	\$20	\$45
	Outdoor Fixture Replacement ≥90 & <135	\$0	\$0	\$30	\$55
	Outdoor Fixture Replacement ≥135 & <220	\$0	\$0	\$35	\$65
	Outdoor Fixture Replacement ≥ 220	\$0	\$0	\$80	\$120

COST-EFFECTIVENESS

The cost effectiveness analysis for these changes is attached hereto as Exhibit B, and was based on the maximum “up to” incentive levels listed in the flexible tariff tables. The table below, pulled from Exhibit B, presents the expected cost effectiveness for 2023 with the assumption that these proposed changes will become effective. Additional details and inputs are included in Exhibit B. The Program is expected to remain cost effective for the 2023 period from the Utility Cost Test perspective with a combined benefit/cost ratio of 1.02.

Wattsmart Business Program Cost Effectiveness – Program Year 2023

Cost-Effectiveness Test	Levelized \$/kWh	NPV Costs	NPV Benefits	Net Benefits	Benefit/Cost Ratio
Utility Cost Test (UCT)	0.0614	\$2,476,761	\$2,529,041	\$52,280	1.02
Total Resource Cost Test (TRC) No Adder	0.0860	\$3,472,666	\$2,529,041	-\$943,625	0.73
Total Resource Cost Test (PTRC) + Conservation Adder	0.0860	\$3,472,666	\$2,781,946	-\$690,721	0.80
Participant Cost Test (PCT)		\$2,150,270	\$5,185,217	\$3,034,947	2.41
Rate Impact Test (RIM)		\$6,691,959	\$2,529,041	-\$4,162,918	0.38
Lifecycle Revenue Impacts (\$/kWh)					\$0.0002372

Exhibits Provided

Exhibit A – Clean/Redlined Wattsmart Business Flexible Tariff Incentive Tables.

Exhibit B – Wattsmart Business Program Cost Effectiveness 2023.

Exhibit A

Idaho Non-Residential Energy Efficiency

This document includes the following three sections:

- Definitions of terms used in Schedule 140 and other program documents
- Incentives – General Information
- Incentive tables

DEFINITIONS:

Customer: Any party who has applied for, been accepted and receives service at the real property, or is the electricity user at the real property.

Energy Efficiency Incentive: Payments of money made by Company to Owner or Customer for installation of an Energy Efficiency Measure pursuant to an acknowledged Energy Efficiency Incentive Offer Letter or approved Energy Efficiency Incentive Application.

Energy Efficiency Incentive Offer Letter: An offer made by Company and acknowledged by Owner or Customer providing for Company to furnish Energy Efficiency Incentives for an Energy Efficiency Project.

Incentive Application: An application submitted by Owner or Customer to Company for Energy Efficiency or Energy Management Incentives.

Energy Efficiency Measure (EEM): A permanently installed measure which can improve the efficiency of the Customer's electric energy use.

Energy Efficiency Measure (EEM) Cost:

New Construction/Major Renovation: EEM Cost is the total installed cost of energy efficiency equipment or system minus the cost of the code compliance/common practice equipment or system.

Retrofit: EEM Cost is the total installed cost of the energy efficiency equipment or modification.

In the case of New Construction, Major Renovation and Retrofits, EEM Costs shall mean the Owner or Customer's reasonable costs incurred (net of any discounts, rebates or incentives other than Energy Efficiency Incentives from the Company, or other consideration that reduces the final actual EEM Cost incurred by the Owner or Customer) to purchase and install EEMs at the Owner's or Customer's facility. If the owner or customer installs the EEM then the cost of installation shall be equal to the Owner's or Customer's actual labor costs for such installation.

Energy Efficiency Project: One or more EEM(s) at a Non-residential Facility¹ with similar one year payback limitations (below) covered by one Energy Efficiency Incentive Offer Letter.

Energy Efficiency Project Cost: The sum of EEM Costs for one or more EEM(s) with similar one year payback limitations (see below) covered by one Energy Efficiency Incentive Offer Letter.

¹ Measures at multiple Non-residential Facilities may be included in one Offer Letter for convenience; however, project incentive caps (if any) are applied per individual Non-residential Facility.

Energy Management Offer Letter: An offer made by Company and acknowledged by Owner or Customer and Company providing for Company to furnish Energy Management Incentives for an Energy Management Project.

Energy Management Incentive: Payments of money made by Company to Owner or Customer for implementation of an Energy Management Measure pursuant to an executed Energy Management Offer Letter.

Energy Management Measure (EMM): an operational improvement which, when implemented in an eligible facility, result in electric savings compared to current operations as determined by Company.

Energy Management Project: One or more EMM(s) at a Non-residential Facility covered by one Energy Management Offer Letter.

Energy Project Manager: an employee or direct contractor of the Customer who will manage electrical energy efficiency projects that deliver savings toward the Customer/Owner's energy savings goal.

Energy Project Manager Co-funding: funding towards the Energy Project Manager agreed upon full value salary that is solely attributable to electrical energy efficiency work.

Major Renovation: A change in facility use type or where the existing system will not meet Owner/Customer projected requirements within existing facility square footage.

Market Incentive: Incentive available to different market actors in the supply chain including manufacturers, distributors, contractors, and end-use customers.

Mixed Use: Buildings served by a residential rate schedule and a rate schedule listed under **Applicable** in Idaho Schedule 140 shall be eligible for services under Schedule 140 provided the Energy Efficiency Project meets the definition of New Construction or where the Company adjusts the baseline energy consumption and costs.

New construction: A newly constructed facility or newly constructed square footage added to an existing facility.

Non-residential Facility: A Customer site that is served by Company and meets the applicability requirements of Idaho Schedule 140, the program tariff, on file with the Idaho Public Utilities Commission.

Owner: The person who has both legal and beneficial title to the real property, and is the mortgager under a duly recorded mortgage of real property, the trustor under a duly recorded deed of trust.

Retrofit: Changes, modifications or additions to systems or equipment in existing facility square footage.

Purchase Transaction-level Cost: The total eligible cost of qualifying equipment on a single invoice for a non-Residential Facility.

INCENTIVES – GENERAL INFORMATION

Incentives for Measures Listed in the Incentive Tables

Per unit incentives are listed in the program incentives tables for specific Energy Efficiency Measures (EEMs) and are subject to the incentive caps below. Incentives are subject to change and current incentives can be found on the Idaho energy efficiency program section of the Company website.

Custom Incentives

EEMs not listed in the prescriptive incentive tables (typical upgrades) may be eligible for a Custom Energy Efficiency Incentive. The Company will complete an analysis of the EEM Cost and electric energy savings and determine whether to offer a custom Energy Efficiency Incentive and the Energy Efficiency Incentive amount.

Energy management incentives

Non-Capital improvements to operations and maintenance within a qualifying facility may be eligible for an Energy Management Incentive. Company will partner with Customer to complete an analysis of the electric energy savings of potential energy management measures and determine whether to offer an Energy Management Incentive and the incentive amount.

Energy project manager co-funding

The Company may fund an additional \$0.025 per kWh of verified Wattsmart Business annual energy savings, up to 100 percent of the Energy Project Manager's salary. Salary is based on a letter from the Customer/Owner's human resources or accounting department stating the base annual salary and an appropriate overhead percentage, and subject to approval by Company.

Baseline adjustments

Company may adjust baseline electric energy consumption and costs to reflect any of the following: energy codes, standard practice, changes in capacity, changes in production or facility use and equipment at the end of its useful life. Such adjustments may be made for lighting energy efficiency measures installed in New Construction/Major Renovation projects where energy code does not apply.

INCENTIVES:^{2,3}

Category		Incentive	Percent Project Cost Cap ⁴	1-Year Simple Payback Cap for Projects ⁵	Other Limitations
Prescriptive Incentives (Typical Upgrades)	Lighting – Retrofit	See incentive lists	70%	Yes	See incentive lists
	Lighting – New Construction/ Major Renovation		None	No	
	Motors		None	No	
	HVAC		None	No	
	Building Envelope		None	No	
	Food Service		None	No	
	Appliances		None	No	
	Office		None	No	
	Farm and Dairy		70%	Yes	
	Compressed Air		70%	Yes	
	Wastewater and other Refrigeration		70%	Yes	
Small Business Enhanced (retrofit only)	Determined by Company with not-to-exceed amounts as shown in the Table below	Up to 90%	No	Available to all Schedule 6, 6A, 23, 23A, 35, and 35A customers meeting eligibility requirements. Qualifying equipment must be installed by an approved contractor/vendor.	
Market incentives	Determined by Company with not-to-exceed amounts as shown in incentive table for this offer	None	No	Incentives available to different market actors in the supply chain including manufacturers, distributors, contractors, and end-use customers.	
Custom Non-Lighting Incentives for qualifying measures not on the prescriptive list. ^{6,7}	\$0.15 per annual kWh savings	70%	Yes	N/A	
Energy Management	\$0.02 per kWh annual savings	N/A	No	N/A	
Energy Project Manager Co-Funding	\$0.025 per kWh annual savings	100% of salary and eligible overhead	No	Minimum savings goal posted on Company website ⁸	

² The Customer or Owner may receive only one financial incentive from Company per measure. Financial incentives include energy efficiency incentive payments and energy management payments. Energy Project Manager Co-Funding is available in addition to the project incentives.

³ Incentives for prescriptive measures are restricted to the amounts shown on the website.

⁴ All EEM Costs are subject to Company review and approval prior to making an Energy Efficiency Incentive Offer. All final EEM Costs are subject to Company review and approval prior to paying an Energy Efficiency Incentive per the terms of the Energy Efficiency Incentive Offer Letter or approved Application. Company review and approval of EEM Costs may require additional documentation from the Customer or Owner.

⁵ The 1 year simple payback cap means incentives will not be available to reduce the simple payback of a project below one year. If required, individual measure incentives will be adjusted downward pro-rata so the project has a simple payback after incentives of one year.

⁶ Project Cost and 1-Year Simple Payback Caps do not apply to New Construction and Major Renovation projects that are subject to state energy code.

⁷ Energy Efficiency Incentives may be adjusted such that Customer or Owner does not receive more than 100% of EEM Costs in total incentives including incentives available under this program and Environmental Quality Incentives Program (EQIP) incentives.

⁸ Customers may aggregate accounts to achieve minimum requirements.

Lighting System Retrofits Incentive Table

Measure	Category		Incentive “up to”
Lighting System Retrofit	Interior Lighting	Non-Prescriptive	\$0.20 \$0.22/kWh
		Prescriptive	See Market incentive table
	Exterior Lighting	Non-Prescriptive	\$0.15/kWh
		Prescriptive	See Market incentive table
	Custom		\$0.05/kWh

Incentives for non-general illuminance (retrofit only)

Measure	Category	Incentive “up to”
Non-General Illuminance	Exit Sign	\$15/Sign
	LED Channel Letter Sign	\$5/Linear Foot
	LED Marquee/Cabinet Sign	\$5/Linear Foot
	LED Case Lighting – Refrigerated Case	\$10/linear foot
	LED Case Lighting –Freezer Case	\$10/linear foot
	Refrigerated Case Occupancy Sensor	\$1/linear foot
Lighting	Custom	\$0.15/kWh annual energy savings

Incentives for new construction/major renovation lighting

Measure	Category	Incentive “up to”
Interior Lighting	Lighting and Lighting Control	\$0.08/kWh annual energy savings
Exterior Lighting	LED Outdoor Pole/Roadway, decorative	\$75/Fixture
	LED Outdoor Pole/Roadway	\$400/fixture
	LED Canopy/Soffit	\$125/fixture
	LED Flood Lights	\$150/fixture
	Exterior Dimming Control	\$0.34/Watt controlled
	Custom	\$0.08/kWh annual energy savings

Incentives for Motors

Equipment Type	Incentive “up to”
Electronically Commutated Motor	\$1/watt or \$100 horsepower based on application
Variable-Frequency Drives (HVAC fans and pumps)	\$200/horsepower
Green Motor Rewinds	\$2 /horsepower

Incentives for HVAC equipment

Equipment Type	Incentive “up to”
Unitary Commercial Air Conditioners	\$75/ton
Packaged Terminal Air Conditioners	\$25/ton
Packaged Terminal Heat Pumps	\$50/ton
Unitary Commercial Heat Pumps	\$75/ton
VRF Heat Pumps	\$150/ton
Heat Pump Loop	\$125/ton

Incentives for other HVAC equipment

Equipment Type	Incentive “up to”
Evaporative Cooling	\$0.06/ CFM
Indirect-Direct Evaporative Cooling	\$0.15/kWh annual energy savings
Chillers	\$0.15/kWh annual energy savings
365/366 Day Programmable or Occupancy-based Thermostat	\$150/thermostat
Occupancy Based PTHP/PTAC control	\$50/controller
Evaporative Pre-cooler (Retrofit Only)	\$75/ton of attached cooling capacity
Advanced Rooftop Unit Control (Retrofit)	\$6,500
Advanced Rooftop Unit Control (New RTU)	\$4,000
Advanced Rooftop Unit Control (DCV Only)	\$800
Smart Thermostat	See offering in Wattsmart Homes Program.

Incentives for building envelope (Retrofit)

Equipment Type	Incentive “up to”
Cool Roof	\$0.04/square foot
Roof/Attic Insulation	\$0.20/square foot
Wall Insulation	\$0.15/square foot
Windows	\$0.50/square foot
Window Film	\$0.15/kWh annual energy savings

Incentives for building envelope (New Construction/Major Renovation)

Equipment Type	Incentive “up to”
Cool Roof	\$0.02/square foot
Roof/Attic Insulation	\$0.07/square foot
Wall Insulation	\$0.07/square foot
Windows	\$0.35/square foot

Incentives for food service equipment

Equipment Type	Incentive/Unit “up to”
Commercial Dishwasher (High Temperature models w/electric boosters Only)	\$1,000
Electric Insulated Holding Cabinet	\$700
Electric Steam Cooker	\$300
Electric Convection Oven	\$350
Electric Griddle	\$150
Electric Combination Oven	\$1,000
Electric Commercial Fryer	\$300
Ice Machines (Air-Cooled Only)	\$150
Residential Refrigerator	See offering in Wattsmart Homes Program
Residential Freezer	See offering in Wattsmart Homes Program.
Demand Controlled Kitchen Ventilation Exhaust Hood (Retrofit Only)	\$0.15/kWh annual energy savings
Anti-Sweat Heater Controls (Retrofit Only)	\$20/linear foot (case length)

Incentives for office equipment

Equipment Type	Incentive “up to”
Smart Plug Strip	\$5/qualifying unit

Incentives for appliances

Equipment Type	Incentive “up to”
High-Efficiency Clothes Washer	\$100
Heat Pump Water Heater	See offering in Wattsmart Homes Program

Irrigation Incentives for Wheel Line, Hand Line, or Other Portable Systems (Retrofit Only)

Irrigation Measure	Incentive “up to”
Sprinkler Replacement	\$0.50 each
Gasket Replacement	\$2 each
Drain Replacement	\$2 each
Pipe Repair	\$8/repair
Leveler Replacement	\$1 each
Nozzle Replacement	\$1.50 each

Irrigation Incentives for Pivot and Linear Systems (Retrofit Only)

Irrigation Measure	Incentive “up to”
Sprinkler Replacement Package	\$7 each
Pivot/Linear Upgrade	\$7 each

Irrigation Incentives for Any Type of System (Retrofit or New Construction, Including Non-agricultural Irrigation Applications)

Irrigation Measure	Incentive “up to”
Irrigation pump VFD	\$0.15/kWh annual savings

Incentives for Farm and Dairy Equipment

Equipment Type	Incentive “up to”
High Efficiency Circulating Fan	\$75/fan
Heat Recovery	\$0.15/kWh annual energy savings
High-efficiency livestock waterer	\$165 each
High Efficiency Ventilation Fan	\$150/fan
Milk Pre-cooler (Retrofit Only)	\$0.15/kWh annual energy savings
Programmable Ventilation Controller	\$20/fan controlled
Variable Frequency Drive for Dairy Vacuum Pump (Retrofit only)	\$165/hp
Potato or onion storage fan VFD	\$175/hp

Incentives for Compressed Air Equipment

Equipment Category	Incentive “up to”
Receiver Capacity Addition	\$3/gallon above 2 gallons per scfm
Cycling Refrigerated Dryer	\$2/scfm
VFD Controlled Compressor	\$0.15/kWh annual energy savings
Zero Loss Condensate Drain	\$100 each
Outside Air Intake	\$6/hp

Incentives for Fleet Vehicles, Wastewater, and Other Refrigeration Energy Efficiency Measures

Equipment Type	Incentive “up to”
Adaptive refrigeration control	\$0.15/kWh annual energy savings
Fast acting door	\$0.15/kWh annual energy savings
<u>Engine block heater control</u>	<u>\$150 per controller</u>
Wastewater – low power mixer	\$0.15/kWh annual energy savings

Incentives for Small Business Enhanced (Retrofit Only)

Eligible Customer Rate Schedules	Incentive “up to”	Customer Co-pay “up to”	
		Minimum	Maximum
6, 6A	\$7,500 / facility	10%	50%
23, 23A	\$7,500 / facility	10%	50%
35, 35A	\$7,500 / facility	10%	50%

Market Incentives

Measure	Category	Incentive “up to”
	<u>A-Lamps</u>	<u>\$10/Lamp</u>
LED	Reflector Lamps	\$15/Lamp
	Pin-based Lamps	\$12/Lamp
	<u>Decorative Lamps</u>	<u>\$10/Lamp</u>
	<u>Downlight Kits</u>	<u>\$15/Kit</u>
	Linear Replacement Lamps	\$20/Lamp
	HID Replacement Lamp	\$110/Lamp
	Outdoor Retrofit Kits	\$150/Kit
	<u>Outdoor Replacement Fixtures</u>	<u>\$250/Fixture</u>

Idaho Non-Residential Energy Efficiency

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Retrofit: EEM Cost is the total installed cost of the energy efficiency equipment or modification.

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Idaho Wattsmart Business (Schedule 140) – Effective March 15, 2023

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Energy Project Manager: an employee or direct contractor of the Customer who will manage electrical energy efficiency projects that deliver savings toward the Customer/Owner's energy savings goal.

Energy Project Manager Co-funding: funding towards the Energy Project Manager agreed upon full value salary that is solely attributable to electrical energy efficiency work.

Major Renovation: A change in facility use type or where the existing system will not meet Owner/Customer projected requirements within existing facility square footage.

Market Incentive: Incentive available to different market actors in the supply chain including manufacturers, distributors, contractors, and end-use customers.

Mixed Use: Buildings served by a residential rate schedule and a rate schedule listed under **Applicable** in Idaho Schedule 140 shall be eligible for services under Schedule 140 provided the Energy Efficiency Project meets the definition of New Construction or where the Company adjusts the baseline energy consumption and costs.

New construction: A newly constructed facility or newly constructed square footage added to an existing facility.

Non-residential Facility: A Customer site that is served by Company and meets the applicability requirements of Idaho Schedule 140, the program tariff, on file with the Idaho Public Utilities Commission.

Owner: The person who has both legal and beneficial title to the real property, and is the mortgager under a duly recorded mortgage of real property, the trustor under a duly recorded deed of trust.

Retrofit: Changes, modifications or additions to systems or equipment in existing facility square footage.

Purchase Transaction-level Cost: The total eligible cost of qualifying equipment on a single invoice for a non-Residential Facility.

INCENTIVES – GENERAL INFORMATION

Incentives for Measures Listed in the Incentive Tables

Per unit incentives are listed in the program incentives tables for specific Energy Efficiency Measures (EEMs) and are subject to the incentive caps below. Incentives are subject to change and current incentives can be found on the Idaho energy efficiency program section of the Company website.

Custom Incentives

EEMs not listed in the prescriptive incentive tables (typical upgrades) may be eligible for a Custom Energy Efficiency Incentive. The Company will complete an analysis of the EEM Cost and electric energy savings and determine whether to offer a custom Energy Efficiency Incentive and the Energy Efficiency Incentive amount.

Energy management incentives

Non-Capital improvements to operations and maintenance within a qualifying facility may be eligible for an Energy Management Incentive. Company will partner with Customer to complete an analysis of the electric energy savings of potential energy management measures and determine whether to offer an Energy Management Incentive and the incentive amount.

Energy project manager co-funding

The Company may fund an additional \$0.025 per kWh of verified Wattsmart Business annual energy savings, up to 100 percent of the Energy Project Manager's salary. Salary is based on a letter from the Customer/Owner's human resources or accounting department stating the base annual salary and an appropriate overhead percentage, and subject to approval by Company.

Baseline adjustments

Company may adjust baseline electric energy consumption and costs to reflect any of the following: energy codes, standard practice, changes in capacity, changes in production or facility use and equipment at the end of its useful life. Such adjustments may be made for lighting energy efficiency measures installed in New Construction/Major Renovation projects where energy code does not apply.

INCENTIVES:^{2,3}

Category		Incentive	Percent Project Cost Cap ⁴	1-Year Simple Payback Cap for Projects ⁵	Other Limitations
Prescriptive Incentives (Typical Upgrades)	Lighting – Retrofit	See incentive lists	70%	Yes	See incentive lists
	Lighting – New Construction/ Major Renovation		None	No	
	Motors		None	No	
	HVAC		None	No	
	Building Envelope		None	No	
	Food Service		None	No	
	Appliances		None	No	
	Office		None	No	
	Farm and Dairy		70%	Yes	
	Compressed Air		70%	Yes	
	Wastewater and other Refrigeration		70%	Yes	
Small Business Enhanced (retrofit only)	Determined by Company with not-to-exceed amounts as shown in the Table below	Up to 90%	No	Available to all Schedule 6, 6A, 23, 23A, 35, and 35A customers meeting eligibility requirements. Qualifying equipment must be installed by an approved contractor/vendor.	
Market incentives	Determined by Company with not-to-exceed amounts as shown in incentive table for this offer	None	No	Incentives available to different market actors in the supply chain including manufacturers, distributors, contractors, and end-use customers.	
Custom Non-Lighting Incentives for qualifying measures not on the prescriptive list. ^{6,7}	\$0.15 per annual kWh savings	70%	Yes	N/A	
Energy Management	\$0.02 per kWh annual savings	N/A	No	N/A	
Energy Project Manager Co-Funding	\$0.025 per kWh annual savings	100% of salary and eligible overhead	No	Minimum savings goal posted on Company website ⁸	

² The Customer or Owner may receive only one financial incentive from Company per measure. Financial incentives include energy efficiency incentive payments and energy management payments. Energy Project Manager Co-Funding is available in addition to the project incentives.

³ Incentives for prescriptive measures are restricted to the amounts shown on the website.

⁴ All EEM Costs are subject to Company review and approval prior to making an Energy Efficiency Incentive Offer. All final EEM Costs are subject to Company review and approval prior to paying an Energy Efficiency Incentive per the terms of the Energy Efficiency Incentive Offer Letter or approved Application. Company review and approval of EEM Costs may require additional documentation from the Customer or Owner.

⁵ The 1 year simple payback cap means incentives will not be available to reduce the simple payback of a project below one year. If required, individual measure incentives will be adjusted downward pro-rata so the project has a simple payback after incentives of one year.

⁶ Project Cost and 1-Year Simple Payback Caps do not apply to New Construction and Major Renovation projects that are subject to state energy code.

⁷ Energy Efficiency Incentives may be adjusted such that Customer or Owner does not receive more than 100% of EEM Costs in total incentives including incentives available under this program and Environmental Quality Incentives Program (EQIP) incentives.

⁸ Customers may aggregate accounts to achieve minimum requirements.

Lighting System Retrofits Incentive Table

Measure	Category		Incentive “up to”
Lighting System Retrofit	Interior Lighting	Non-Prescriptive	\$0.22/kWh
		Prescriptive	See Market incentive table
	Exterior Lighting	Non-Prescriptive	\$0.15/kWh
		Prescriptive	See Market incentive table
	Custom		\$0.05/kWh

Incentives for non-general illuminance (retrofit only)

Measure	Category	Incentive “up to”
Non-General Illuminance	Exit Sign	\$15/Sign
	LED Channel Letter Sign	\$5/Linear Foot
	LED Marquee/Cabinet Sign	\$5/Linear Foot
	LED Case Lighting – Refrigerated Case	\$10/linear foot
	LED Case Lighting –Freezer Case	\$10/linear foot
	Refrigerated Case Occupancy Sensor	\$1/linear foot
Lighting	Custom	\$0.15/kWh annual energy savings

Incentives for new construction/major renovation lighting

Measure	Category	Incentive “up to”
Interior Lighting	Lighting and Lighting Control	\$0.08/kWh annual energy savings
Exterior Lighting	LED Outdoor Pole/Roadway, decorative	\$75/Fixture
	LED Outdoor Pole/Roadway	\$400/fixture
	LED Canopy/Soffit	\$125/fixture
	LED Flood Lights	\$150/fixture
	Exterior Dimming Control	\$0.34/Watt controlled
	Custom	\$0.08/kWh annual energy savings

Incentives for Motors

Equipment Type	Incentive “up to”
Electronically Commutated Motor	\$1/watt or \$100 horsepower based on application
Variable-Frequency Drives (HVAC fans and pumps)	\$200/horsepower
Green Motor Rewinds	\$2/horsepower

Incentives for HVAC equipment

Equipment Type	Incentive “up to”
Unitary Commercial Air Conditioners	\$75/ton
Packaged Terminal Air Conditioners	\$25/ton
Packaged Terminal Heat Pumps	\$50/ton
Unitary Commercial Heat Pumps	\$75/ton
VRF Heat Pumps	\$150/ton
Heat Pump Loop	\$125/ton

Incentives for other HVAC equipment

Equipment Type	Incentive “up to”
Evaporative Cooling	\$0.06/ CFM
Indirect-Direct Evaporative Cooling	\$0.15/kWh annual energy savings
Chillers	\$0.15/kWh annual energy savings
365/366 Day Programmable or Occupancy-based Thermostat	\$150/thermostat
Occupancy Based PTHP/PTAC control	\$50/controller
Evaporative Pre-cooler (Retrofit Only)	\$75/ton of attached cooling capacity
Advanced Rooftop Unit Control (Retrofit)	\$6,500
Advanced Rooftop Unit Control (New RTU)	\$4,000
Advanced Rooftop Unit Control (DCV Only)	\$800
Smart Thermostat	See offering in Wattsmart Homes Program.

Incentives for building envelope (Retrofit)

Equipment Type	Incentive “up to”
Cool Roof	\$0.04/square foot
Roof/Attic Insulation	\$0.20/square foot
Wall Insulation	\$0.15/square foot
Windows	\$0.50/square foot
Window Film	\$0.15/kWh annual energy savings

Incentives for building envelope (New Construction/Major Renovation)

Equipment Type	Incentive “up to”
Cool Roof	\$0.02/square foot
Roof/Attic Insulation	\$0.07/square foot
Wall Insulation	\$0.07/square foot
Windows	\$0.35/square foot

Incentives for food service equipment

Equipment Type	Incentive/Unit “up to”
Commercial Dishwasher (High Temperature models w/electric boosters Only)	\$1,000
Electric Insulated Holding Cabinet	\$700
Electric Steam Cooker	\$300
Electric Convection Oven	\$350
Electric Griddle	\$150
Electric Combination Oven	\$1,000
Electric Commercial Fryer	\$300
Ice Machines (Air-Cooled Only)	\$150
Residential Refrigerator	See offering in Wattsmart Homes Program
Residential Freezer	See offering in Wattsmart Homes Program.
Demand Controlled Kitchen Ventilation Exhaust Hood (Retrofit Only)	\$0.15/kWh annual energy savings
Anti-Sweat Heater Controls (Retrofit Only)	\$20/linear foot (case length)

Incentives for office equipment

Equipment Type	Incentive “up to”
Smart Plug Strip	\$5/qualifying unit

Incentives for appliances

Equipment Type	Incentive “up to”
High-Efficiency Clothes Washer	\$100
Heat Pump Water Heater	See offering in Wattsmart Homes Program

Irrigation Incentives for Wheel Line, Hand Line, or Other Portable Systems (Retrofit Only)

Irrigation Measure	Incentive “up to”
Sprinkler Replacement	\$0.50 each
Gasket Replacement	\$2 each
Drain Replacement	\$2 each
Pipe Repair	\$8/repair
Leveler Replacement	\$1 each
Nozzle Replacement	\$1.50 each

Irrigation Incentives for Pivot and Linear Systems (Retrofit Only)

Irrigation Measure	Incentive “up to”
Sprinkler Replacement Package	\$7 each
Pivot/Linear Upgrade	\$7 each

Irrigation Incentives for Any Type of System (Retrofit or New Construction, Including Non-agricultural Irrigation Applications)

Irrigation Measure	Incentive “up to”
Irrigation pump VFD	\$0.15/kWh annual savings

Incentives for Farm and Dairy Equipment

Equipment Type	Incentive “up to”
High Efficiency Circulating Fan	\$75/fan
Heat Recovery	\$0.15/kWh annual energy savings
High-efficiency livestock waterer	\$165 each
High Efficiency Ventilation Fan	\$150/fan
Milk Pre-cooler (Retrofit Only)	\$0.15/kWh annual energy savings
Programmable Ventilation Controller	\$20/fan controlled
Variable Frequency Drive for Dairy Vacuum Pump (Retrofit only)	\$165/hp
Potato or onion storage fan VFD	\$175/hp

Incentives for Compressed Air Equipment

Equipment Category	Incentive “up to”
Receiver Capacity Addition	\$3/gallon above 2 gallons per scfm
Cycling Refrigerated Dryer	\$2/scfm
VFD Controlled Compressor	\$0.15/kWh annual energy savings
Zero Loss Condensate Drain	\$100 each
Outside Air Intake	\$6/hp

Incentives for Fleet Vehicles, Wastewater, and Other Refrigeration Energy Efficiency Measures

Equipment Type	Incentive “up to”
Adaptive refrigeration control	\$0.15/kWh annual energy savings
Fast acting door	\$0.15/kWh annual energy savings
Engine block heater control	\$150 per controller
Wastewater – low power mixer	\$0.15/kWh annual energy savings

Incentives for Small Business Enhanced (Retrofit Only)

Eligible Customer Rate Schedules	Incentive “up to”	Customer Co-pay “up to”	
		Minimum	Maximum
6, 6A	\$7,500 / facility	10%	50%
23, 23A	\$7,500 / facility	10%	50%
35, 35A	\$7,500 / facility	10%	50%

Market Incentives

Measure	Category	Incentive “up to”
LED	Reflector Lamps	\$15/Lamp
	Pin-based Lamps	\$12/Lamp
	Linear Replacement Lamps	\$20/Lamp
	HID Replacement Lamp	\$110/Lamp
	Outdoor Retrofit Kits	\$150/Kit
	Outdoor Replacement Fixtures	\$250/Fixture

Exhibit B



MEMORANDUM

To: Jennifer Rosenthal, Rocky Mountain Power
From: Dimitry Burdjalov and Andy Hudson, Applied Energy Group
CC: Clay Monroe, Rocky Mountain Power
Date: December 22, 2022
Re: Idaho Wattsmart Business Program Cost-Effectiveness Analysis – PY2023

AEG estimated the cost-effectiveness of Rocky Mountain Power's Wattsmart Business Program in the state of Idaho based on Program Year (PY) 2023 costs and savings estimates developed by implementers, checked by AEG, and confirmed by Rocky Mountain Power. This memo provides cost-effectiveness results at the program level. The program passes the Utility Cost Test (UCT) and the Participant Cost Test (PCT) under these conditions.

This memo provides analysis inputs and results in the following tables:

- Table 1: Cost-Effectiveness Analysis Inputs
- Table 2: Annual Program Costs by Program Year, Nominal - PY2023
- Table 3: Annual Savings in kWh by Program Year - PY2023
- Table 4: Benefit/Cost Ratios by Program Year - PY2023
- Table 5: Wattsmart Business Program Cost-Effectiveness Results, PY2023
- Table 6: Wattsmart Business Measure Category Level Cost-Effectiveness Results, PY2023



The following assumptions were utilized in the analysis:

- **Avoided Costs:** Hourly values provided by Rocky Mountain Power based on the 2021 Integrated Resource Plan (IRP) Preferred Portfolio, converted into annual values using Idaho load shapes from the same IRP.
- **Modeling Inputs:** measure savings, costs, measure lives, incentive levels, program delivery, and portfolio costs were based on estimates developed by implementers, developed or reviewed by AEG, or provided by Rocky Mountain Power.
- **Other Economic Assumptions:** Discount rate, line loss, retail rate, and inflation rate values were provided by Rocky Mountain Power and are presented in Table 1 below.

The following tables summarize cost-effectiveness assumptions and results for the Idaho Wattsmart Business Program. The cost-effectiveness analysis inputs are shown in Table 2 and Table 3 below. Tables 4 and 5 present the cost-effectiveness results of the Wattsmart Business program for 2023. All results are presented in 2023 dollars.¹ Table 6 presents results at the measure category level for 2023.

Table 1: Cost-Effectiveness Analysis Inputs

Parameter	PY2023
Discount Rate	6.92%
Commercial Line Loss	8.59%
Commercial Energy Rate (\$/kWh)	\$0.087
Inflation Rate ¹	2.28%

Table 2: Annual Program Costs by Program Year, Nominal - PY2023

Program Year	Program Delivery	Utility Admin	Incentives	Total Utility Costs	Gross Customer Costs
2023	\$1,410,660	\$96,082	\$970,019	\$2,476,761	\$2,150,270

Table 3: Annual Savings in kWh by Program Year - PY2023

Program Year	Gross kWh Savings at Site	Realization Rate	Adjusted Gross kWh Savings at Site	Net to Gross Ratio	Net kWh Savings at Site	Measure Life
2023	5,502,660	89.93%	4,948,346	87%	4,287,183	13

¹ To align with annual budget expectations, cost-effectiveness inputs are presented in nominal dollars.



Table 4: Benefit/Cost Ratios by Program Year - PY2023

Program Year	UCT	TRC	PTRC	PCT	RIM
2023	1.02	0.73	0.80	2.41	0.38

Table 5: Wattsmart Business Program Cost-Effectiveness Results, PY2023

Cost-Effectiveness Test	Levelized \$/kWh	NPV Costs	NPV Benefits	Net Benefits	Benefit/Cost Ratio
Utility Cost Test (UCT)	0.0614	\$2,476,761	\$2,529,041	\$52,280	1.02
Total Resource Cost Test (TRC) No Adder	0.0860	\$3,472,666	\$2,529,041	-\$943,625	0.73
Total Resource Cost Test (PTRC) + Conservation Adder	0.0860	\$3,472,666	\$2,781,946	-\$690,721	0.80
Participant Cost Test (PCT)		\$2,150,270	\$5,185,217	\$3,034,947	2.41
Rate Impact Test (RIM)		\$6,691,959	\$2,529,041	-\$4,162,918	0.38
Lifecycle Revenue Impacts (\$/kWh)					\$0.0002372

Table 6: Wattsmart Business Measure Category Level Cost-Effectiveness Results, PY2023

Program	Measure Category	Utility Benefits (\$)	Utility Costs (\$)	Utility Cost Test	TRC Benefits (\$)	TRC Costs (\$)	TRC Test	P-TRC Benefits (\$)	P-TRC Costs (\$)	P-TRC Test	Participant PV Benefits (\$)	Participant PV Costs (\$)	PCT Test	Ratepayer PV Benefits (\$)	Ratepayer PV Costs (\$)	RIM Test
Wattsmart Business	Agriculture	\$116,933	\$175,146	0.67	\$116,933	\$461,358	0.25	\$128,626	\$461,358	0.28	\$201,490	\$362,374	0.56	\$116,933	\$314,969	0.37
Wattsmart Business	Building Shell	\$7,201	\$9,111	0.79	\$7,201	\$11,644	0.62	\$7,921	\$11,644	0.68	\$18,303	\$9,994	1.83	\$7,201	\$22,851	0.32
Wattsmart Business	Custom - PF	\$437,941	\$313,313	1.40	\$437,941	\$508,295	0.86	\$481,735	\$508,295	0.95	\$646,597	\$307,232	2.10	\$437,941	\$859,949	0.51
Wattsmart Business	Direct Install	\$161,372	\$186,978	0.86	\$161,372	\$246,978	0.65	\$177,509	\$246,978	0.72	\$338,843	\$150,000	2.26	\$161,372	\$435,821	0.37
Wattsmart Business	Farm and Dairy	\$190,632	\$229,979	0.83	\$190,632	\$257,139	0.74	\$209,695	\$257,139	0.82	\$441,320	\$119,633	3.69	\$190,632	\$613,520	0.31
Wattsmart Business	Food Service Equipment	\$2,535	\$2,481	1.02	\$2,535	\$4,396	0.58	\$2,789	\$4,396	0.63	\$5,762	\$3,241	1.78	\$2,535	\$7,857	0.32
Wattsmart Business	HVAC	\$161,751	\$127,578	1.27	\$161,751	\$146,200	1.11	\$177,926	\$146,200	1.22	\$342,532	\$91,950	3.73	\$161,751	\$423,448	0.38
Wattsmart Business	Irrigation	\$281,881	\$285,283	0.99	\$281,881	\$461,693	0.61	\$310,069	\$461,693	0.67	\$411,463	\$255,208	1.61	\$281,881	\$628,155	0.45
Wattsmart Business	Lighting	\$827,100	\$951,381	0.87	\$827,100	\$1,172,239	0.71	\$909,810	\$1,172,239	0.78	\$1,788,030	\$628,594	2.84	\$827,100	\$2,331,675	0.35
Wattsmart Business	Midstream Lighting	\$341,697	\$195,512	1.75	\$341,697	\$202,724	1.69	\$375,866	\$202,724	1.85	\$990,878	\$222,044	4.46	\$341,697	\$1,053,715	0.32