

March 6, 2023

Changes to wattsmart Homes Program in Utah

Dual Fuel Heat Pumps

Due to the increase in the federal minimum standard for heat pump ratings as well as participation needs, changes to the tiering structure of the Dual Fuel Heat Pump requirements are necessary. Market feedback has also indicated the need for the broadening of Dual Fuel Heat Pumps existing system requirements, which will allow for a more encompassing measure and be more beneficial to the market. The allowance of no existing central air conditioning will better serve low to moderate income communities. The new tiers and requirements will be added to the Wattsmart Homes program effective March 6, 2023, summarized in the table and language below.

| Measure | Category | Incentive Prior to March 6, 2023 | Incentive Effective March 6, 2023 |
|---|-----------------|---|--|
| Dual Fuel Heat Pump - Tier 1 - HSPF 8.5 / SEER 14 / AFUE 90 or higher - - SF | HVAC | \$1400 / \$200 | Tier Retired |
| Dual Fuel Heat Pump - Tier 2 - HSPF 9.0 / SEER 15 / AFUE 90 or higher - - SF | HVAC | \$1600 / \$200 | New Tier 1 - HSPF 9.0 / SEER 15 / AFUE 90 or higher - SF - \$1600 / \$200 |
| Dual Fuel Heat Pump - Tier 3 - HSPF 9.5 / SEER 17 / AFUE 90 or higher - - SF | HVAC | \$1800 / \$200 | New Tier 2 - HSPF 9.5 / SEER 16 / AFUE 90 or higher – SF – \$1800 / \$200 |

Program rule prior to March 6, 2023:

“Customer’s applying for electric cooling incentives must have a permanently installed ducted central air conditioner or heat pump that cools at least 80% of the home’s conditioned floor area.”

Program rule effective March 6, 2023:

“The previous primary system must have been a permanently installed natural gas or propane ducted system that served at least 80% of the home’s conditioned living space.”

Engine Block Heater Controllers

Given the increase in manufacturing and material costs for products in this category, a need to increase incentives for this measure was determined to maintain competitive pricing and exposure for this measure.

| Measure | Category | Incentive Prior to March 6, 2023 | Incentive Effective March 6, 2023 |
|---------------------------------|-------------------|----------------------------------|-----------------------------------|
| Engine Block Heater Controllers | Smart Accessories | Up to \$100 | Up to \$125 |

Smart Plugs

With the decrease in final product costs throughout the market the need to maintain cost effectiveness for this measure required a decrease in incentives. The new incentive is summarized in the table below.

| Measure | Category | Incentive Prior to March 6, 2023 | Incentive Effective March 6, 2023 |
|-------------|-------------------|----------------------------------|-----------------------------------|
| Smart Plugs | Smart Accessories | Up to \$10 | Up to \$5 |

It is the Company's intent to make ongoing adjustments to the incentives for certain measures in response to market conditions (changes in material costs, product availability, price competition, etc.), and stay in alignment with the Company's defined savings targets, incentive budget, and cost-effectiveness requirements.