

Energy Star Water Heating Program

Dennis Rominger
Program Manager
425-456-2396

March 18, 2010



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy's Service Territory



- Washington state's oldest and largest energy utility
- 6,000-square-mile service area stretching across 11 counties
- Puget Sound Energy serves more than 1 million electric customers and nearly 750,000 natural gas customers.

All Electric

All Gas

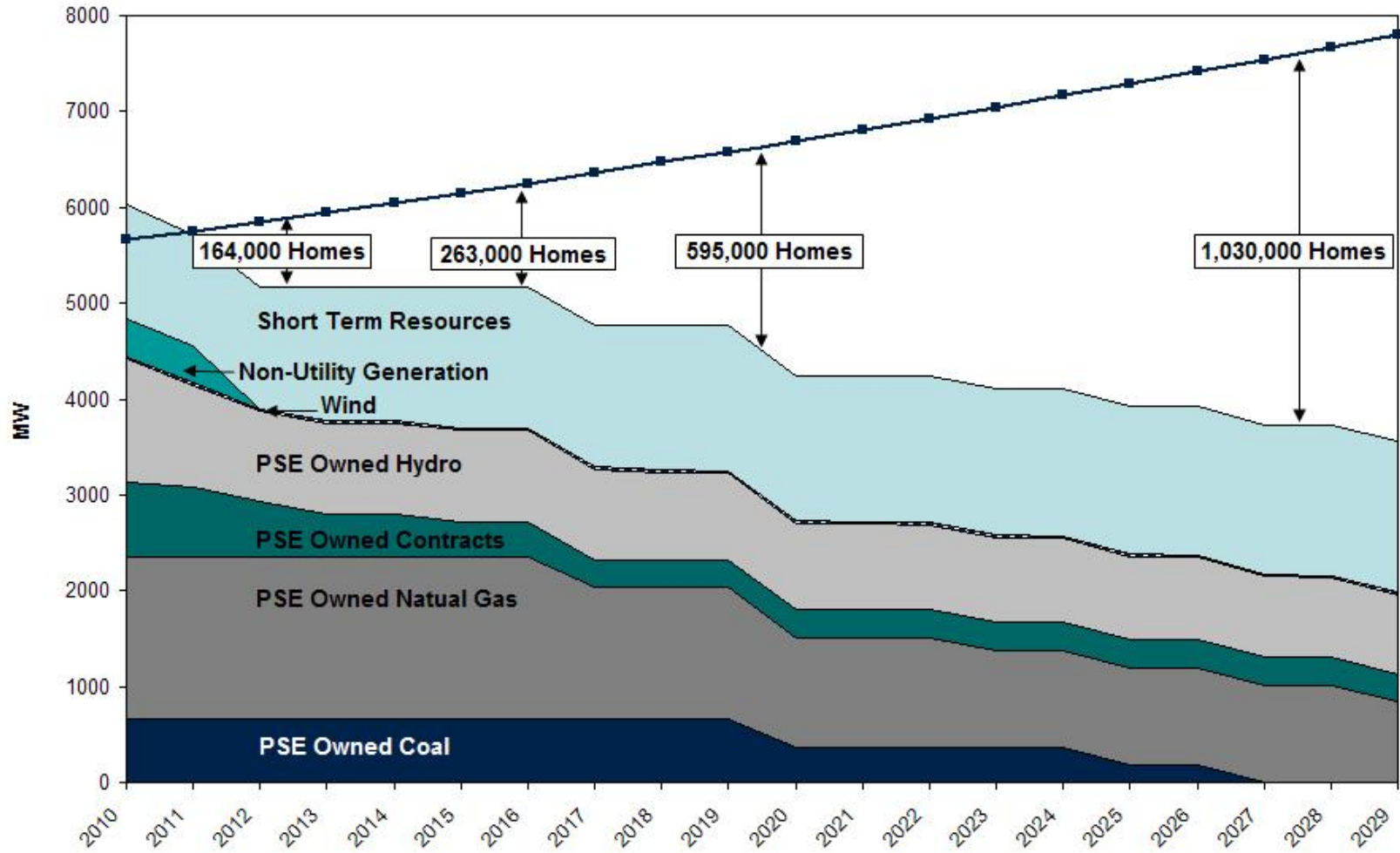
Electric and Gas

Energy Efficiency as a Resource

- PSE is looking to Energy Efficiency as being the first resource as we address supply for our growing demand.
- Energy Efficiency is a larger part of the energy supply future than Wind
- Energy Efficiency as a resource
 - Avoided cost of energy
 - Cheaper to save energy than buy it
 - Avoided cost of generation
 - Cheaper to save energy than built it
 - Avoided cost of transmission
 - Cheaper to save energy than move it
- Regulatory Requirement
 - Utility Commission and Initiative I-937
 - 15% of retail load by January 2020

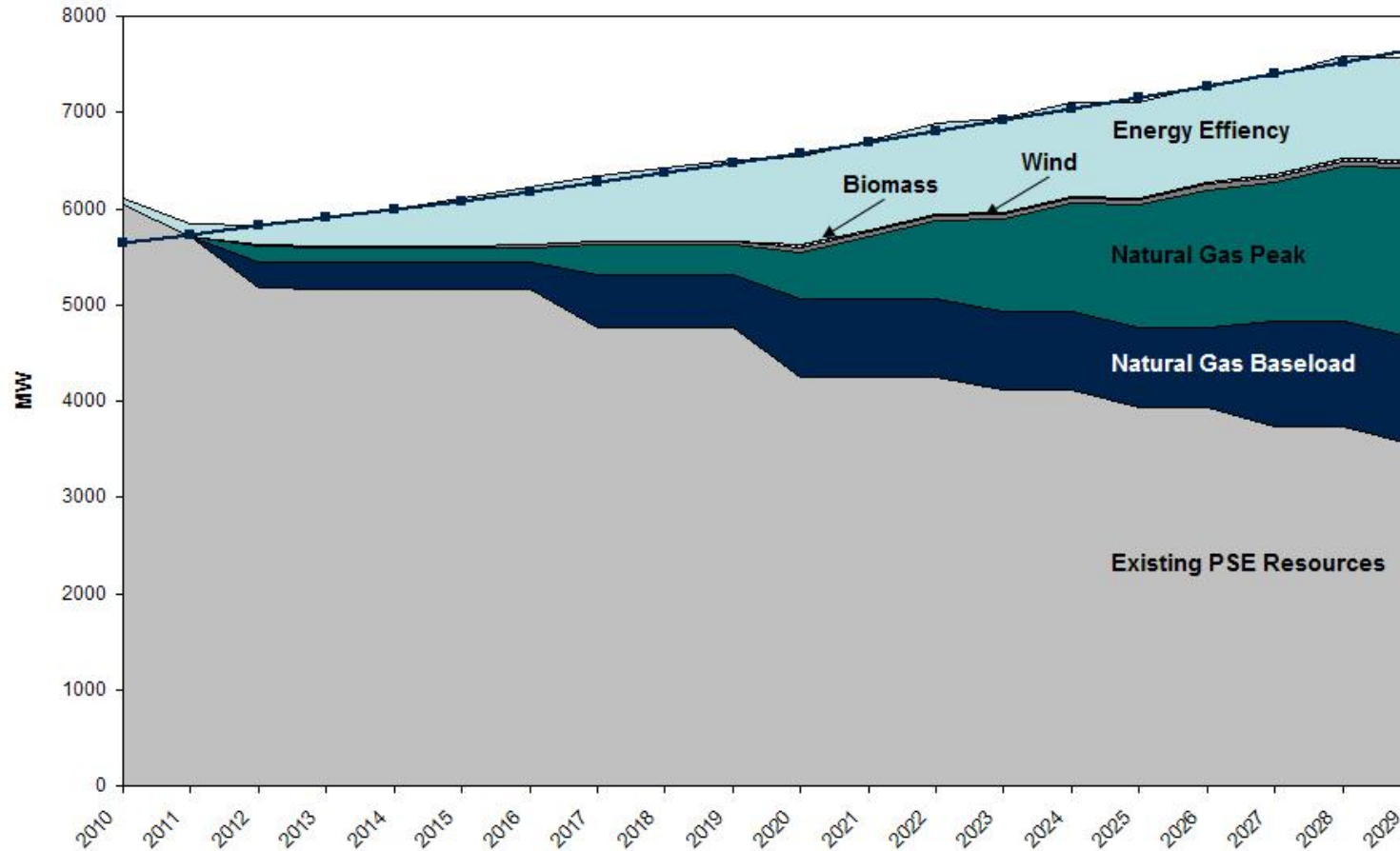
PSE Integrated Resource Plan

Forecast – Electric Demand



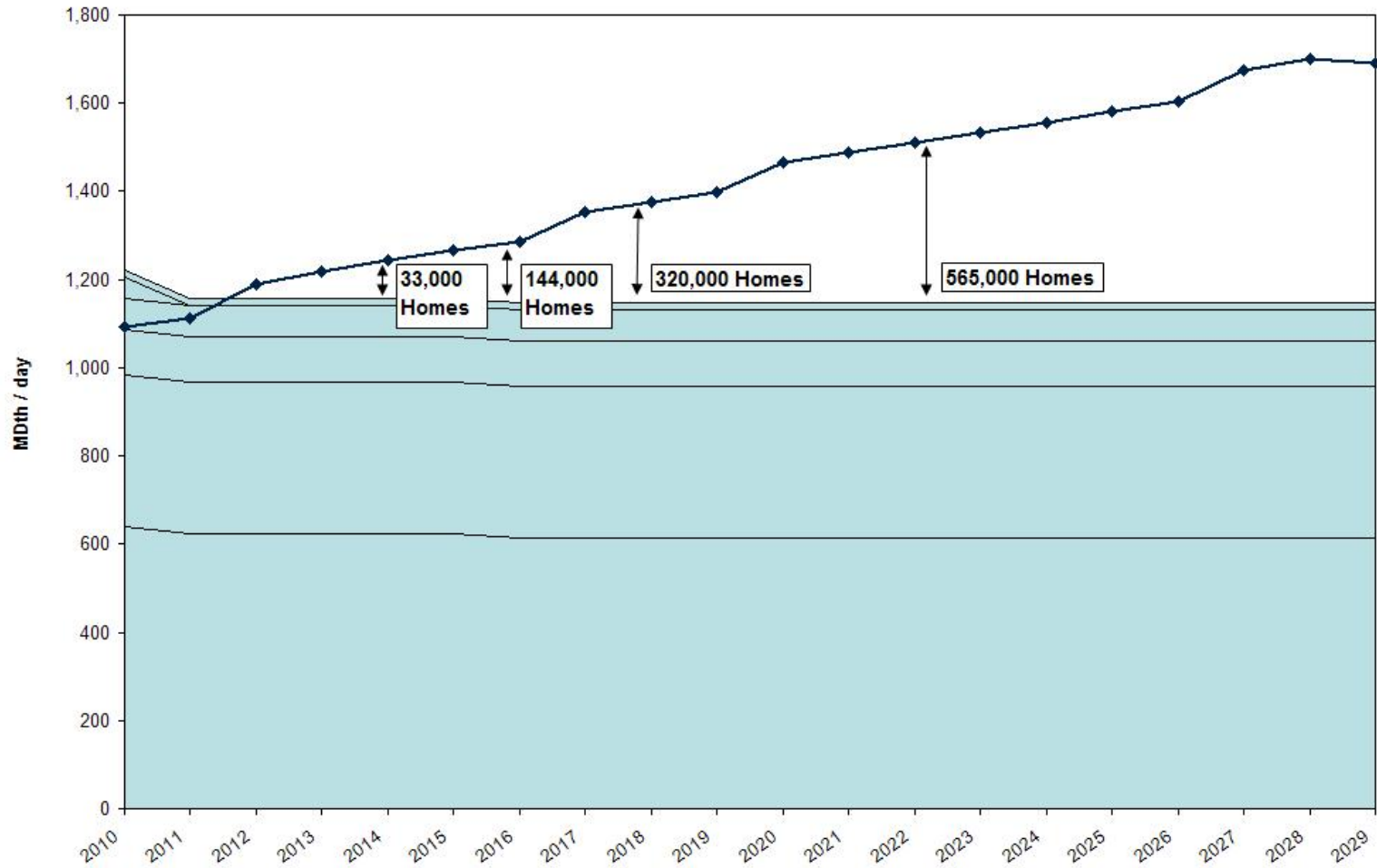
PSE Integrated Resource Plan

Forecast of Electric Supply Resources



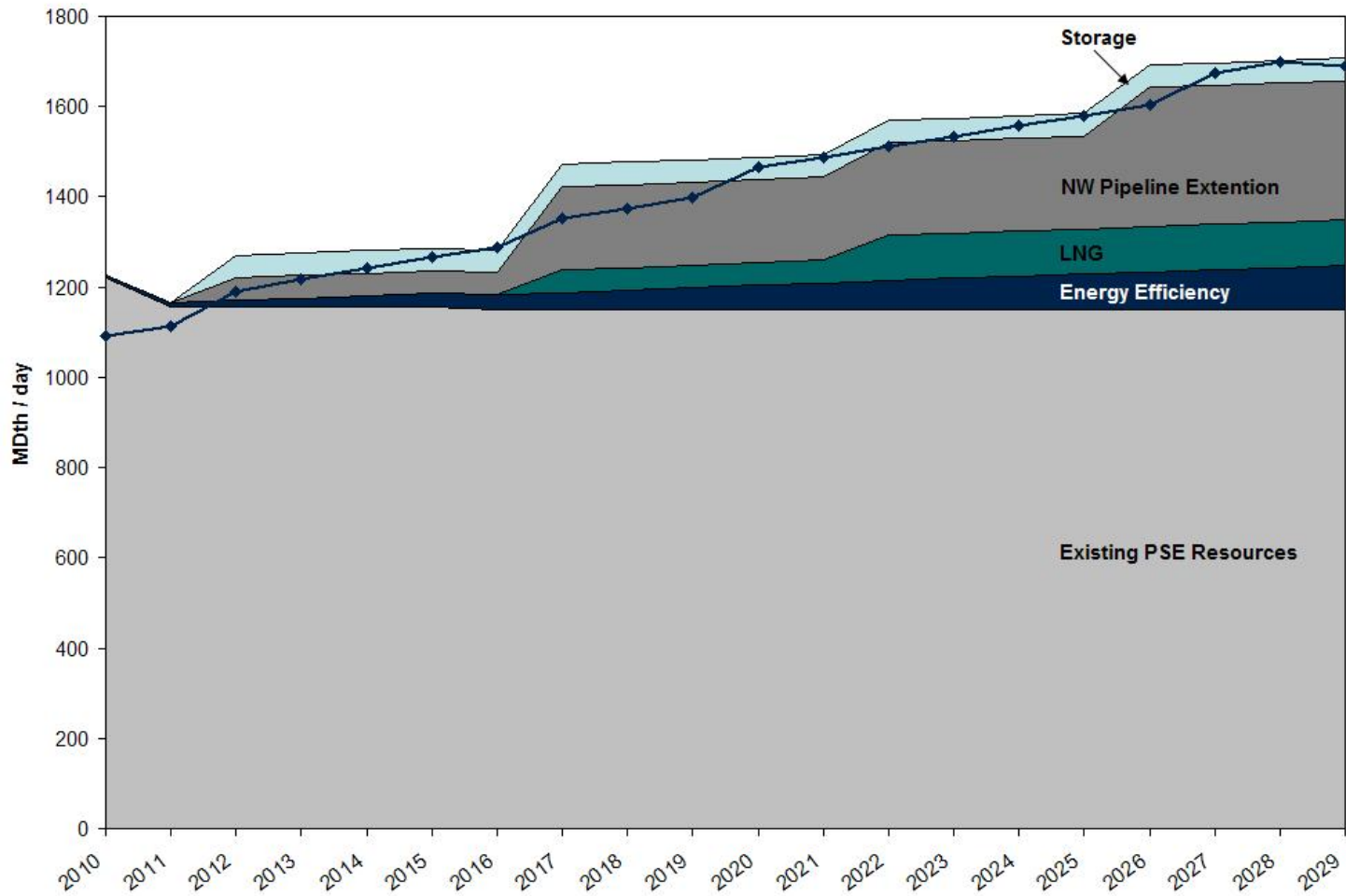
PSE Integrated Resource Plan

Forecast – Gas Demand



PSE Integrated Resource Plan

Forecast of Gas Supply Resources



Energy Star Natural Gas Water Heater

Energy Star® Natural Gas Water Heater - \$50 Rebate – Save 18 to 30 Therms/YR

- Must install an Energy Star Certified Storage Water Heater
- Natural Gas Hybrid Water Heaters, Indirect Water Heaters, Storage Condensing Water Heaters do NOT qualify

Gas Water Heaters cost about \$1,500 to install and last about 13-years.



Energy Star Natural Gas Water Heater

- 2009 Program Goals Storage Water Heater
 - Gas Storage Target 2,400 units
 - Gas Storage Actual 3,898 units 163% over goal
 - Converted 112 Electric Storage to E-star storage

- 2010 Program Goals Storage Water Heater
 - Gas Storage Target 3,100 units
 - Added Tier 2 for .65 EF E-star water heaters
 - Electric to Gas Conversions 1,800 units

Natural Gas Tankless Water Heater

Natural Gas Tankless Water Heater – Saves between 74 to 93 Therms/YR

Tier 1 = \$150 .82 EF or better

Tier 2 = \$200 .90 EF or better

- Must install an Energy Star Certified Tankless Water Heater
- Natural Gas Hybrid Water Heaters, Indirect Water Heaters, Storage Condensing Water Heaters do NOT qualify

NOTE: Meter Sizing – Tankless water heaters can use a maximum of 200,000 BTUs and can sometimes result in a customer needing to upgrade to a larger 425 meter and sometimes larger line sizing. A meter upgrade costs about \$775 from PSE. Contractors should call Customer Construction Service 1-888-321-7779 to inquire about customer needing a potential meter and/or line upgrade.

Tankless Water Heaters cost about \$3,000 to install and last about 20 - years. Federal Energy Tax Credit - 30% of Furnish/Install cost up to \$1,500 for units that are .82 EF or better.



Natural Gas Tankless Water Heater

- 2009 Program Goals Tankless Water Heater
 - Gas Tankless Target 1,300 units
 - Gas Tankless Actual 1,645 units 127% over goal
 - Converted 255 Electric storage to E-star Tankless

- 2009 Program Goals Tankless Water Heater
 - Gas Tankless Target 1,900 units
 - Added Tier 2 for .90 EF E-Star Tankless
 - Electric to Gas Conversions 1,800 units

Natural Gas Water Heating Incentive

PSE's Energy Efficiency - Electric to Natural Gas Conversion Incentive Program for customers with electric water heating

- Must be a residential customer in PSE's electric service area
 - Gas Service from other Natural Gas service providers qualifies
- Incentive for water heater conversion of \$950*
- In addition, PSE customers will be eligible for PSE's Energy Star water heating rebates
 - \$50 for storage tanks with .62 EF or greater
 - \$150 for tankless units with .82 EF or greater
 - \$200 for tankless units with .90 EF or greater
- Tankless units of .82 EF or better are eligible for up to an additional \$1500 tax credit (see Energy Star website)

* Rebate is limited to 75% of the total installation and equipment cost.

Converting to Natural Gas – Why are we doing it?

- Reduces overall demand for Electricity which helps meet our growing demand
- Reduces need for gas fired generation
 - Direct use of gas by our customers uses 50% less energy than gas generation plants to deliver the same amount of electricity

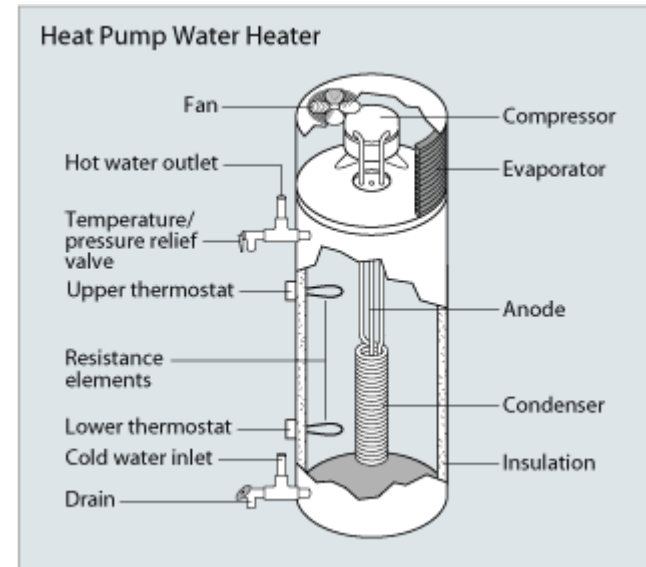
Heat Pump Water Heater

Heat Pump Water Heater - \$250 Rebate Incentive – Saves 2,000 KWH/YR

- Must install an Energy Star Certified Heat Pump Water Heater
- Heat Pump Water Heater must be installed outside conditioned living space such as a garage, attic, or crawl space

HPWHs cost about \$2,500 installed and last about 15-years. Federal Energy Tax Credit - 30% of Furnish/Install cost up to \$1,500 for units that meet Energy Star criteria of 2.0 EF or better.

2010 Program Goals Heat Pump Water Heaters
Heat Pump Water Heater Targets 500 units



Program Marketing

- Contractor/Dealer outreach – Over 125 contractors have been reached about our Energy Star Water Heating programs including local PHCC.
- Distributor outreach – 9 distributors have been reached about our program. They hosted contractor/dealer program outreach.
- Rebate Forms directly applied on qualifying products by Distributors. PSE provides forms and sleeves for applying. Roughly 2,000 has been distributed to date.
- Retail signage at Lowe's and McLendon's to launch in March, 2010. Signage at Sears and Home Depot forthcoming.

Program Marketing

- Energy Star Bill inserts to 725K gas customers for 7 months in 2009 (total distributed was over 5 million)
- Radio Advertising at Mariner's games that ran about 20x total during the season (KIRO Stations, audience 800K)
- Community outreach
 - Jan. Bellevue Home Show (10K – 12K attendance)
 - Feb. Seattle Home Show (80K – 100K attendance)
 - March Green Festival & NW Women's Show (35K attendance)
 - April Go Green Live Well Expo (10K attendance)

Dennis Rominger

425-456-2396
dennis.rominger@pse.com



PUGET SOUND ENERGY

The Energy To Do Great Things