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SOUTHWESTERN ELECTRIC POWER COMPANY℠

An AEP Company

BOUNDLESS ENERGY℠

Southwestern Electric Power Company

Arkansas Energy Efficiency Program Portfolio Annual Report

Docket No. 07-082-TF

May 1, 2024

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1.0 Executive Summary

1.1 Historical Background of the EE Portfolio

On May 25, 2007, in Docket No. 06-004-R, the Arkansas Public Service Commission (APSC or the Commission) approved the "Rules for Conservation and Energy Efficiency Programs" (C&EE Rules). These rules, amended on January 19, 2018 require that each operating utility within the jurisdiction of the Commission file an Annual Report by May 1 of each year. The report should address "the performance of each conservation and energy efficiency program operated by the utility."[1]

Quick Start Period (Oct 1, 2007 – Dec 31, 2008)

- Southwestern Electric Power Company (SWEPCO or the Company) operated three energy efficiency programs and one demand response program
- SWEPCO achieved 5,640.1 MWh in energy savings and 2,926 kW in demand savings
- Approximately 4,300 customers participated in Energy Efficiency (EE) programs with the vast majority participating in the Compact Fluorescent Lighting Program

Program Years 2009 and 2010

- April 1, 2009, SWEPCO filed its first Comprehensive Energy Efficiency Plan (CEEP)
- SWEPCO achieved 6,075.5 MWh in energy savings and 5,611 kW in demand savings for Program Year (PY) 2009
- February 3, 2010, Company received approval to implement CEEP which included two new Market Transformation Programs
- PY2010, achieved 10,737.2 MWh in energy savings and 8,603 kW in demand savings surpassing energy and demand savings goals by 40% and 23% respectively

[1] APSC Rules for Conservation and Energy Efficiency, Section 9, p.11

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Program Years 2011 – 2022

- March 15, 2011, SWEPCO filed a revised CEEP for the second half of PY2011 and for PY2012 and PY2013, pursuant to the portfolio energy savings goals established by the Commission under Order No. 15 in Docket No. 08-137-U
- July 1, 2011, SWEPCO made substantial changes to its approved CEEP, which carried into PY2012 and beyond
- Commission approved the Company's revised CEEP on June 30, 2011, with Order No. 36 in Docket No. 07-082-TF
- The Commission issued Order No. 57 in Docket No. 07-082-TF on January 30, 2013, which established "the existing Program Year 2013 energy savings target, budgets, and incentive structure, etc. for Program Year 2014…."[2]
- Order No. 15 in Docket No. 13-002-U issued by the Commission on February 20, 2014, approved the use of the PY2014 budgets for PY2015 with the same Performance Incentive structure but with increased energy savings targets
- On August 7, 2015, the Commissioned Order No. 87 in Docket No. 07-082-TF, approving PY2016 budget and changes to the portfolio which included implementation of the Consistent Weatherization Approach within the Home Performance with ENERGY STAR® Program
- Savings targets of 0.90% for PY2017 and PY2018 and 1.0% for PY2019 with a base year of 2015 were established by Order No. 31 of Docket No 13-002-U
- Order No. 43 of Docket No. 13-002-U established the savings target of 1.2% for PY2020-PY2022, and Order No. 110 in Docket No. 07-082-TF approved SWEPCO's CEEP for the same triennial period. The new portfolio included a pilot pathway for income qualified weatherization as well as an electric vehicle equipment education pathway.
- Order No. 62 of Docket No. 13-002-U approved the utilities request for a bridge year in PY2023. The PY2022 budget and savings were to be used for PY2023 budgets.

Table 1 summarizes the energy savings goal and achievement for PY2011 – PY2022 and the energy savings goals associated with SWEPCO's approved CEEP incorporating the

[2] Docket No. 07-082-TF, Order No. 57, p.11

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retail sales adjustments for those customers approved to Self-Direct (SD) in PY2012 – PY2022. The table also summarizes the Company's energy savings achievements and its net evaluated energy savings achievements as a percentage of its approved goals for PY2011 – PY2022.

Table 1 – Net Evaluated Energy Savings PY2011 - PY2022

Program Year	Energy Savings Goal %	Net Energy Savings Goal	Net Energy Saved	Percent of Goal Achieved	TRC Ratio	Docket No. 07-082-TF Filing Date
2011	0.25	10,426 MWh	11,855 MWh	105%		
2012	0.50	15,714 MWh	15,714 MWh	113%	1.62	April 23, 2013
2013	0.75	23,093 MWh	25,388 MWh	110%	1.65	March 31, 2014
2014	0.75	21,339 MWh	30,055 MWh	141%	2.33	April 1, 2015
2015	0.90	24,273 MWh	31,462 MWh	130%	2.49	April 29, 2016
2016	0.90	23,958 MWh	34,356 MWh	143%	2.19	June 30, 2017
2017	0.90	23,823 MWh	33,667 MWh	141%	3.13	May 1, 2018
2018	0.90	25,196 MWh	36,735 MWh	146%	2.66	May 1, 2019
2019	1.00	28,688 MWh	35,952 MWh	125%	2.58	May 1, 2020

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2020	1.20	34,506 MWh	35,785 MWh	104%	2.57	April 30, 2021
2021	1.20	34,506 MWh	37,339 MWh	108%	2.81	April 29, 2022
2022	1.20	34,506 MWh	38,137 MWh	111%	2.71	April 28, 2023

The Company's net evaluated energy savings attributed to its PY2011 – PY2022 EE Programs were determined by its independent Evaluation, Measurement, and Verification (EM&V) contractors. The Cadmus Group (Cadmus) was the primary evaluator for all of the Company's PY2011 – PY2015 programs with the exception of the statewide Arkansas Weatherization Program (AWP) which was evaluated by ADM Associates, Inc. (ADM) for PY2011 – PY2015. ADM became the primary evaluator for all SWEPCO programs beginning with PY 2016.

For more details on SWEPCO's accomplishments, please refer to the Company's Energy Efficiency Program Portfolio Annual Reports filed annually in Docket No.07-082-TF. The filing date for each annual report is provided above in Table 1. The EM&V reports prepared by Cadmus for PY2012 – PY2015 and by ADM for PY2016 – PY2022 are included as Appendix A in each of the above referenced reports. The EM&V Reports prepared by ADM for the AWP for PY2012 through PY2015 are included as Appendix B in the above reference reports.

1.2 Program Year 2023 Results

1.2.1 Major Accomplishments

In PY2023, SWEPCO offered the Home Solutions Program (HSP) and the Business/Industrial Solutions Program (BSP) as part of its energy efficiency portfolio, which provided a comprehensive range of customer options focused on energy efficiency, demand reduction, and educational options. The HSP included the following four pathways: Home Performance with ENERGY STAR Pathway (HPwES), Income Qualified Weatherization Pathway Pilot (IQW), Residential Energy Improvement Pathway (REIP)

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and the Efficient Products Pathway (EPP). The BSP included the following three pathways: Commercial and Industrial Energy Efficiency Pathway (CIEEP), Small Business Pathway (SBP), and the Load Management Standard Offer Pathway (LMSOP).

SWEPCO achieved 112% of its filed net energy savings goal with 38,666,749 kWh in net evaluated energy savings, and 15,134.42 kW in net evaluated demand savings which was 94% of its planned net demand reduction goal of 16,154.92 kW[3] for PY2023. Activities for the year resulted in SWEPCO attaining 112% of the Commission's target of 1.2% of 2018 sales adjusted for the program year sales of the self-direct customers. The Company earned a Performance Incentive of $840,038 for energy savings achievements. This incentive is equivalent to 7.2% of its approved PY2023 budget of $11,667,200[4] The portfolio was again cost-effective with a TRC benefit cost ratio of 2.40 and TRC net benefits of $ 18,501,133.[5] The Company's portfolio acquisition cost (i.e., cost per kWh) was $0.26 per kWh in PY2023. The first-year acquisition costs for each of SWEPCO's PY2023 programs are detailed in Section 2.5.2.2 of Appendix A, Table 2-20 page 47.

2023 Portfolio Summary										
Net Energy Savings		Cost			Cost-Effectiveness			Goal Achievement		
Demand MW	Energy MWh	Actual Expenses	LCFC	Performance Incentives	TRC Net Benefits (NPV)	TRC Ratio	PAC Ratio	Commission Established Target % of Baseline	Actual Savings Achieved % of Baseline	% of Target Achieved (%)
15	38,667	$ 10,221,097	$ -	$ 840,038	$18,501,130	2.40	2.58	1.20%	1.35%	112%

Figure 1 – EE Portfolio Summary update

The Company's net evaluated annualized kWh savings attributed to its PY2023 EE Programs were determined by its independent EM&V contractor, ADM. The Company's Educational Program does not undergo EM&V since it is considered an educational offering with no associated savings.

1.2.2 Goals and Objectives of EE Portfolio

As with past years, SWEPCO's primary goal and objective in PY2023 was to exceed its prescribed energy savings goal by providing cost-effective and comprehensive energy efficiency programs which facilitate energy and peak demand reductions in all customer

[3] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-8, p. 30
[4] Direct Testimony of Sherrill L. McCormack, Docket No. 07-082-TF, filed May 1, 2024, p. 14
[5] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-10 p. 31

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classes and market segments. In the residential sector, the Company sought to grow the "Consistent Approach for Weatherization" a/k/a Home Performance with ENERGY STAR Pathway (HPwES) in order to increase inter-fuel, inter-utility coordination as well as participation and comprehensiveness of its residential pathways. The Company continued its Income Qualified Weatherization Pathway Pilot (IQW) to align with Act 1102. SWEPCO sought to maintain momentum in its Efficient Products Pathway (EPP) and in its Residential Energy Improvement Pathway (REIP), particularly in the multi-family area. In the commercial and industrial sector, SWEPCO's objectives were to maintain the momentum it has achieved from prior years and to continue seeking greater diversity of the measures offered through its C&I pathways, in particular the Small Business Pathway (SBP) and the Company's Commercial & Industrial Energy Efficiency Pathway (CIEEP).

The Company set the following specific goals to achieve these objectives in PY2023:

<u>Home Solutions Program</u>

- Submit application for SWEPCO's tenth consecutive ENERGY STAR Partner of the Year Award, including an eighth "Sustained Excellence" designation, from the U.S. Environmental Protection Agency (EPA) for the PY2023 performance of the Company's HPwES Pathway[6]
- Educate REIP multi-family participants, both residents and property managers, about potential participation in SWEPCO's EPP and commercial pathways
- Conduct regular retailer inspections and EPP training to ensure adequate incentivized product signage and pathway awareness
- Enhance trade ally and customer participation with the REIP CoolSaver HVAC tune-up measure, utilizing an online CoolSaver sign-up form for interested customers
- Continue outreach on the New Homes package within REIP
- Continue offering the Income Qualified Weatherization Pathway Pilot to qualified customers

[6] Following the sunset of EPA's Home Performance with ENERGY STAR program, SWEPCO submitted an application for Excellence in Marketing, which included information regarding the ENERGY STAR Home Upgrade. EPA has since reinstated the Home Performance with ENERGY STAR program of which SWEPCO continues to be a Sponsor.

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- Continue to refine residential Quality Assurance (QA) practices and field tools to continue providing a high level of inspections, streamlined data tracking, and paperless forms
- Continue to grow inter-fuel, inter-utility project coordination with Black Hills Energy Arkansas (BHEA), the primary natural gas provided that overlaps SWEPCO's northwest Arkansas service territory

Business & Industrial Solutions Program

- Achieve seamless cross promotion and implementation of both the CIEEP and the SBP pathways
- Increase the measure mix in the CIEEP and the SBP with non-lighting measures
- Increase participation in Strategic Energy Management (SEM)
- Continue to keep LMSOP customers informed of other SWEPCO energy efficiency programs

Educational Solutions Program

- Encourage customers who utilize the Online Audit, Home Energy Management Tool, to participate in the various pathways
- Continue to expand and promote the Electric Vehicle Equipment Education pathway

All Programs

- Broaden program reach by enrolling new trade allies to target rural SWEPCO customers
- Achieve a high level of customer satisfaction with their program participation

1.2.3 Progress Achieved versus Goals and Objectives

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SWEPCO met the vast majority of portfolio goals and objectives stated above. These achievements are more thoroughly described in Portfolio Pathway discussions in Section 2.0 below. Each customer class and market segment had access to energy assessments and pathways offering single or multiple measure incentives. The Company's plan continued to include a cost-effective portfolio of energy efficiency, conservation, and peak load reduction programs designed to facilitate reductions in electricity consumption and peak demand in every customer class. The trade ally networks for both residential and non-residential programs were expanded and active in the training provided by Implementation Staff. Examples include:

- Conducted two reduced cost Building Performance Institute (BPI) Building Analyst certification classes, and provided three virtual no-cost CoolSaver HVAC tune-up trainings for participating trade allies

- Expanded the use of a Virtual Assessment and Assurance Tool, allowing quality control inspections to continue with minimal overhead costs

- Continued the compressed air survey and leak repair promotion as an active measure during PY2023

- Added a Spanish translation button to the website

The successful integrated marketing campaign was continued through the use of:

- Digital marketing campaign to include geo-targeted Google Adwords, targeted contextual banner ads and Facebook sponsored posts, along with Instagram posts
- Utilized print ads in newspapers and magazines, as well as radio ads
- Direct emails and bill inserts targeted at respective commercial or residential customers

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1.2.4 High Level Recap of Portfolio Savings, Participation Levels, Prior Year Comparisons

The chart below details budgets, expenditures, and savings since the first full year implementation of SWEPCO's revised Comprehensive Energy Efficiency Portfolio (CEEP).

Company Statistics

Program Year	Revenue and Expenses					Energy				
		Budget		Actual			Plan		Evaluated	
	Total Revenue (a) ($000's)	Portfolio Budget (b) ($000's)	% of Revenue (%=b/a)	Portfolio Spending (c) ($000's)	% of Revenue (%=c/a)	Total Annual Energy Sales (d) (MWh)	Net Annual Savings (e) (MWh)	% of Energy Sales (%=e/d)	Net Annual Savings (f) (MWh)	% of Energy Sales (%=f/d)
2019	$ 265,684	$ 10,316	3.9%	$ 9,604	3.6%	3,754,333	31,976	0.85%	35,952	0.96%
2020	$ 284,885	$ 11,398	4.0%	$ 9,646	3.4%	3,443,343	34,506	1.00%	35,785	1.04%
2021	$ 468,113	$ 11,526	2.5%	$ 9,930	2.1%	3,522,775	34,506	0.98%	37,339	1.06%
2022	$ 396,826	$ 11,667	2.9%	$ 10,157	2.6%	3,680,403	34,506	0.94%	38,164	1.04%
2023	$ 323,835	$ 11,667	3.6%	$ 10,221	3.2%	3,548,497	34,506	0.97%	38,667	1.09%

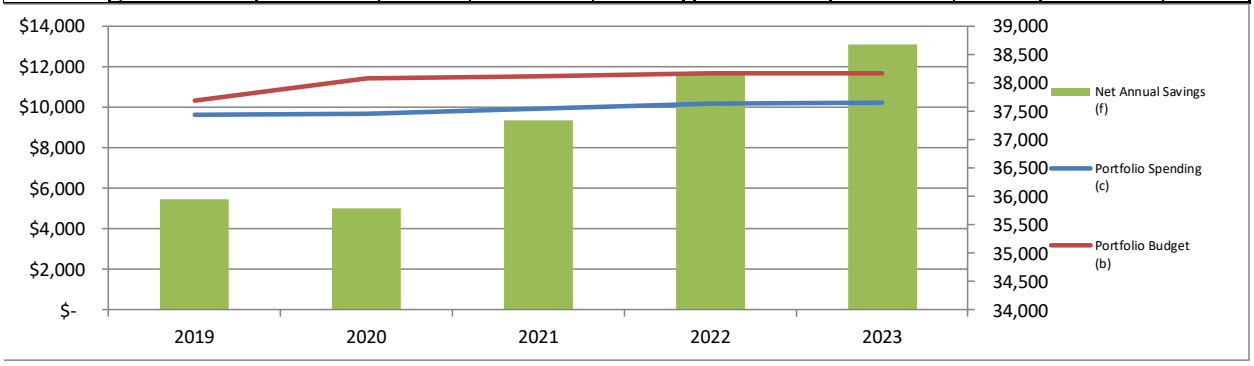

Figure 2 – SWEPCO Statistics

(Note: Total Revenue and Total Annual Energy Sales include revenue and energy sales from Self-Direct customers.)

As illustrated in the following figures, SWEPCO spent 88% of its approved budget of $11,667,200. Approximately 47% of the dollars being expended were for customer and trade ally incentives.

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EE Portfolio Expenditures by Program

Program Name	Target Sector	Program Type	2023 Budget ($)	2023 Actual ($)	% of Budget
Efficient Products (EPP)	Residential	Consumer Product Rebate	1,228,570	1,111,185	90%
Home Performance (HPwES)	Residential	Whole Home	2,999,305	2,843,544	95%
Income Qualified (IQW)	Residential	Whole Home	228,742	218,212	95%
Online Audit Tool	Residential	Behavior/Education	6,930	-	0%
Res Energy Imprv (REIP)	Residential	Prescriptive/Standard Offer	1,401,650	1,357,406	97%
Electric Vehicle (EVE)	Res/Small Business	Measure/Technology Focus	17,070	9,987	59%
Comm & Industrial (CIEEP)	Commercial & Industrial	Other	3,702,397	3,261,658	88%
Load Mgt SOP (LMSOP)	Commercial & Industrial	Demand Response	296,968	205,062	69%
Small Business (SBP)	Small Business/C&I	Prescriptive/Standard Offer	1,614,244	1,101,462	68%
EnergyEfficiency AR (EEA)	All Classes	Behavior/Education	41,324	-	0%
Regulatory	-	-	130,000	112,582	87%
		Total	**11,667,200**	**10,221,097**	**88%**

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FIGURE 3 - EE PORTFOLIO COST BY PROGRAM

EE Portfolio Expenditure Summary by Cost Type				
	2023 Total Expenditures			
Cost Type	% of Total	Budget ($)	Actual ($)	% of Total
Planning / Design	1%	108,270	10,852	0%
Marketing & Delivery	33%	3,887,945	3,776,446	37%
Incentives / Direct Install Costs	56%	6,491,525	5,532,333	54%
EM&V	4%	515,759	391,476	4%
Administration	5%	533,701	397,409	4%
Regulatory	1%	130,000	112,582	1%
	100%	**11,667,200**	**10,221,097**	100%

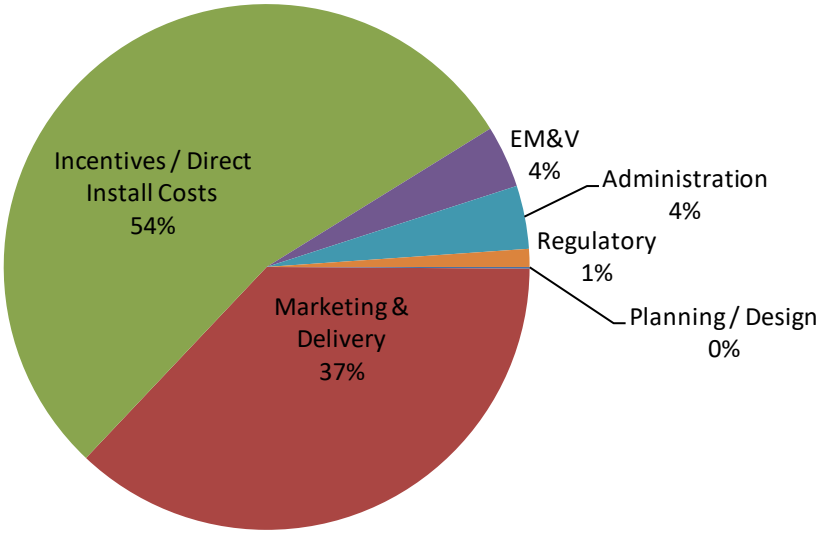

FIGURE 4 - EE PORTFOLIO SUMMARY BY COST TYPE

1.2.5 Highlights of Well-Performing Programs/Pathways

While the supply chain issues softened as the year progressed, high interest rates and the higher costs of materials and fuel impacted trade allies. However, the Company achieved 112% of its planned energy savings goals. The CIEEP achieved 18,121,254

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kWh in net evaluated savings or 123%[7] of its planned net energy savings goal, while the SBP achieved 3,311,611kWh net energy savings or 55% of its planned net energy savings goal.[8] The vast majority of the net evaluated energy savings in the SBP were attributed to non-lighting measures, while approximately 68.6% of the CIEEP's net kWh savings resulted from non-lighting measures.

The Company's EPP achieved 6,512,556 kWh net energy savings or 201% of its planned net energy savings goal.[9] Smart thermostats, pool pumps, and clothes washers led the way, with heat pump water heaters and EV level 2 chargers rounding out the top 5 measures. The 4-pack LED bulb offerings distributed through the area food banks and food pantries further increased the pathway's success.

The Company's REIP achieved 4,299,812 kWh net energy savings or 117% of its planned net energy savings. The majority of participants in the pathway were multi-family homes with duct sealing accounting for a majority of the pathway's net energy savings, followed by CoolSaver HVAC tune-ups.

SWEPCO experienced strong interest in the Consistent Weatherization Approach (CWA) a/k/a HPwES Pathway. The pathway achieved 90% of its net savings goal for PY2023 with a total of 5,852,964 kWh net energy savings.[10] For the ninth consecutive year, the EPA recognized SWEPCO as an ENERGY STAR Partner of the Year based on the performance of HPwES in PY2023. This recognition resulted in the Company's seventh "Sustained Excellence" designation.[11]

SWEPCO continued an Income Qualified Weatherization Pathway Pilot (IQW) to align with ACT 1102 and resulting APSC orders. The pathway achieved 431,546 kWh in net evaluated savings or 176% of its planned net energy savings goal.

1.2.6 What's Working and What's Not

[7] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-8, p. 30
[8] Ibid.
[9] Ibid.
[10] Ibid
[11] SWEPCO did submit an ENERGY STAR application based on PY2023. Due to ENERGY STAR's sunsetting of the HPwES program, the application was in marketing. ENERGY STAR has since reactivated the HPwES program. SWEPCO intends to again apply for the HPwES Partner of the Year based upon PY2024 activities.

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SWEPCO continues to experience barriers within its portfolio similar to those findings in prior years. The narrow noncontiguous geographic configuration of SWEPCO's service territory continues to create issues for trade allies and retail partners in all pathways. A high proportion of lower income customers and smaller, independently owned businesses located in rural areas of the state lack the discretionary income necessary for non-essential energy efficiency investments.

The Company continues to pursue Spanish speaking trade allies in an effort to reach and better serve our Hispanic customers. The language barrier hinders SWEPCO's ability to engage the Hispanic population within the service territory. However, the addition in PY2022 of a Spanish language speaker did influence four BSP projects. SWEPCO hopes to expand this to the residential program in PY2024.

1.2.7 Planned Changes to Programs or Budgets

During PY2024, SWEPCO will, if necessary, shift funds between programs and pathways within the Commission's budget flexibility guidelines to assist the stronger performing pathways. SWEPCO plans to only shift funds from pathways that are not expected to reach goal or to require the full amount of the approved budget (ABudget).

Business/Industrial Solutions Program

The approved CIEEP incentive budget for PY2024 will be $1,677,140, and the gross energy savings goal will be 12,347,929 kWh. The PY2024 incentive budget for the SBP will be $796,983 with a 6,379,566 kWh gross energy savings goal for PY2024. Two new pathways will be added to the Business/Industrial Solutions Program. The Strategic Energy Management (SEMP) pathway will have an incentive budget of $147,719 with a 4,385,936 kWh gross energy savings goal. The New Construction Pathway (NCP) will have an incentive budget of $241,279 and a gross energy savings goal of 835,774 kWh.

Home Solutions Program

The HPwES Pathway will continue to serve as the Company's pathway for the CWA, however, the name will change to Home Weatherization Pathway. The approved PY2024 incentive budget will be $2,304,133 and the gross energy savings goal will be 7,151,091 kWh. The REIP incentive budget will be $1,203,375 with a gross energy savings goal of 7,458,291 kWh. SWEPCO's EPP will have an incentive budget of $293,347 and a gross energy savings goal of 1,527,976 kWh. The IQW Pathway will move from a pilot to a full

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pathway thereby increasing the incentive budget to $432,119 with a gross energy savings goal of 1,071,667 kWh for PY2024.

Educational Solutions Program

The Online Audit Tool (OLAT) Pathway will now by maintained by American Electric Power (AEP), and the Electric Vehicle Equipment (EVE) Pathway will be absorbed into other programs.

Demand Response Program

SWEPCO will be adding a Demand Response (DR) program consisting of two pathways, Load Management Demand Response and Thermostat Demand Response. The Load Management Pathway (LMP) will have an incentive budget of $335,020 and a gross demand reduction goal of 10,695 kW. The Thermostat Demand Response Pathway will be promoted as the Bring Your Own Device (BYOD) program will have an incentive budget of $93,650 and a gross demand reduction goal of 2,143 kW.

1.2.8 Estimation of EE Resource Potential

The first statewide EE Potential Study that was filed with the Commission on July 2, 2015 in Docket No. 13-002-U.

The second statewide Potential Study kicked off in PY2023. The study was approved by the Commission in Order No. 62 within Docket No. 13-002-U, with funding approved in Order No. 67 of the same docket. The Potential Study will be conducted during PY2023 and PY2024 to provide direction for the PY2027–PY2029 triennial portfolio plan. SWEPCO is an active participant in the Potential Study Working Group.

1.2.9 Training Achievements

SWEPCO and its Implementation Staff attended and hosted training and informational events, both in-person and virtually, as detailed in the training sections of the Standardized Annual Report Packet (SARP) Workbook. Some examples are as follows:

- SWEPCO hosted various training and informational events for customers and trade allies throughout the year. These events covered topics including BPI Building

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Analyst training, home performance best practices, residential and commercial CoolSaver HVAC tune-ups, and an introduction to SEM, and other SEM workshops.

- Members of the Implementation Staff participated in training opportunities which included the Building Performance Association National Home Performance Conference, and Association of Energy Engineers (AEE) and ASHRAE virtual and in-person conferences.

- SWEPCO staff attended trainings throughout the year to gain increased knowledge regarding marketing of energy efficiency and improvements in technology. Examples of training attended include Association of Energy Services Professionals (AESP) conferences and webinars, Building Performance Association National Home Performance Conference, CLEAResult Energy Forum, and Arkansas Association of Energy Engineers.

SWEPCO staff was active on several AESP Committees, the Leadership Fayetteville Committee of the Fayetteville Chamber of Commerce, and committees with the Texarkana Habitat for Humanity during PY2023.

2.0 Portfolio Programs

2.1 Business/Industrial Solutions Program

In PY2023, SWEPCO offered the Business/Industrial Solutions Program (BSP) as part of its energy efficiency portfolio, which provided a comprehensive range of customer options focused on energy efficiency, demand reduction, and educational options. The BSP consists of the following pathways:

- Commercial & Industrial Energy Efficiency Pathway (CIEEP)
- Small Business Pathway (SBP)
- Load Management Standard Offer Pathway (LMSOP)

Program Highlights

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- Continued the use of SWEPCO's EE portfolio website URL to function as an extension of SWEPCO's primary website, providing SWEPCO customers with a seamless transition to further EE pathway information
- Continued marketing CIEEP and SBP to SWEPCO's Arkansas customer base in direct emails, bill inserts, digital, Google Ads, and social media ads as part of the entire portfolio's marketing campaign

- The BSP marketing materials provided information on the program pathways, including a new Midstream and Food Service flyer, as well as three new SEM School Checklist Flyers.
- The BSP encouraged participants to capture deeper energy savings (kWh) through comprehensive projects. SWEPCO continued to collaborate with Black Hills Energy Arkansas to recruit and support customers for Strategic Energy Management (SEM), with seven customers actively participating in PY2023, all of which were able to demonstrate energy savings by the end of PY2023. Beginning mid-year, SWEPCO began to offer "Core SEM" to its customers. Core SEM provided energy efficiency strategies, consulting advice and technical expertise to participants. This program is designed for smaller businesses that do not meet the energy usage requirements of SEM Classic and is a simpler version that does not include an energy model. The customer incentives are paid on reaching milestones instead of solely on energy savings.
- The most significant HIM in PY2023 for the BSP was SEM followed by lighting and air infiltration.[12] HVAC related measures and compressed air leak repair each contributed significantly to the net energy savings (kWh).
- Maintained Contractor Portal software to provide SWEPCO customers and trade allies with the ability to create incentive estimates and submit project applications electronically
- Continued to offer a Midstream Portal which allows participating distributors to validate customers and products, and determine SWEPCO incentive amounts and submit projects electronically

[12] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, p. 28

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- Educational and communications efforts with trade allies were enhanced, including:
  - Created and distributed reference documents to supplement virtual trainings on incentive application processes
  - Scheduled recurring check-ins with high-volume trade allies
- Conducted virtual and in-person CoolSaver A/C Tune-up trainings for three contractors at no cost
- There was a significant increase in SEM participation, with net kWh savings increasing from 3,955,138 in PY2022 to 6,551,344 in PY2023.
- Refrigerator and freezer door gaskets and strip curtain net kWh savings increased 160% from 111,864 in PY2022 to 1,008,951 in PY2023
- Commercial Door Air Infiltration through Direct Install net kWh savings increased from 2,365,648 in PY2022 to 2,433,577 in PY2023
- The Program was well-received by participating customers as shown by customer surveys regarding financial support, ease of participation and assistance by program staff. The following are quotes from several customers surveyed.[13]
  - "Helps us be better stewards of our environment and hopefully save money."
  - "It was easy and easy it good."
  - "(We are) more active in sustainability and circularity and things like that. This program just fell in with what we were trying to do already."
  - The attentiveness of the program managers has really impressed me. They do not feel like they are going through the motions or dragging their feet. They have been really great about helping the whole way through the improvements."
  - "SWEPCO Program Lead is great to work with. The school district loves the incentive checks"
  - "It helped me justify the cost."

[13] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, p. 123

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Program Challenges and Opportunities

Challenges

- Decrease in participation of several high-volume contractors due to an increase in the cost of doing business, inflationary pressures, and cost of goods and services. The increased cost of business has impacted the way trade allies perform outreach resulting in a decrease in net kWh savings.
- Some small business owners are hesitant to spend money on energy efficiency projects due to economic uncertainty.

Opportunities

- SEM participation and net kWh savings both increased dramatically in PY2023 over PY2022, with additional participation expected in PY2024.
- Commercial smart thermostat, CoolSaver and electric vehicle charging station measures are expected to continue to provide additional customer service and savings for customers.
- One CoolSaver Contractor opened satellite office in NW Arkansas to increase local presence. This should significantly increase net kWh savings in PY2024.

2.1.1 Commercial & Industrial Energy Efficiency Pathway

2.1.1.1 Pathway Description

The Commercial and Industrial Energy Efficiency Pathway (CIEEP) targets SWEPCO's Arkansas commercial, industrial, municipal, school, and hospital customers. Incentives are paid to customers or project applicants for the installation of a wide range of EE measures that reduce peak demand and save energy in qualifying non-residential facilities with peak demands greater than 100 kW of annual usage. Savings are determined using the currently approved Technical Reference Manual (TRM) deemed savings or through custom Measurement and Verification (M&V) plans employing point-of-use metering. Project measures eligible for incentive payments include replacement of existing installations of lower efficiency electric end-uses. In addition to the retrofit market,

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this pathway also applies to new construction or expansions. The primary EE measures targeted include, but are not limited to, behavioral, lighting, HVAC equipment, refrigeration equipment as well as custom projects that may involve manufacturing processes, variable frequency drives, and compressed air. SWEPCO markets this pathway both externally through its EE team and internally by leveraging the relationships of SWEPCO's Engineers, Account Managers, Energy Advisors, and Customer Service Account Representatives as part of its overall marketing strategy.

Project applicants, trade allies, contractors/vendors, architectural firms, engineering firms, and community allies are encouraged to actively promote energy efficient projects.

2.1.1.2 Pathway Highlights

- In PY2023, the CIEEP achieved 123% of the planned net energy savings goal and 130% of the planned net demand savings goal.[14]
- Net kWh savings decreased from PY2022 to PY2023 from lighting retrofit projects for the second year in a row, from 42.1% to 26.1%, while commercial smart thermostats also decreased from 17.9% to 2.7% net kWh savings. A substantial amount of CIEEP net kWh savings was made up of two measures which have not been a major contribution to CIEEP in previous program years: SEM at 36.1% and air infiltration 11.2% of PY2023 net kWh savings.
- Refrigerator and freezer door gaskets and strip curtain net kWh savings increased 158.9% from 111,864 in PY2022 to 978,758 in PY2023
- Continued to offer compressed air survey and leak repair incentives which resulted in five completed compressed air survey and leak repair projects in PY2023, with two additional projects requested or underway, and expected to complete in PY2024
- SWEPCO continued inter-utility collaboration with Black Hills Energy Arkansas (BHEA) such as continuing to offer the Strategic Energy Management component to large commercial and industrial customers, and recruiting new participants

[14] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 4-9, p. 96

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- Due to strong customer and trade ally demand for the pathway, marketing efforts were maintained but not expanded in PY2023. Beyond direct customer and contractor outreach, some of the more notable events included:
    - Promoted the CIEEP at local and regional venues, including:
        - Individual customer outreach and education
        - Two Community Ally Events
        - Six SEM workshops, two in person and four virtual
        - Two HVAC Lunch & Learns
        - Northwest Arkansas ASHRAE Chapter member meetings, including ASHRAE Golf Tournament sponsorship
        - Northwest Arkansas Community Showcase sponsorship
- Pathway staff continued to enhance their energy efficiency knowledge through trainings offered by the Arkansas Manufacturing Solutions, Energy Efficiency Arkansas, Arkansas Association of Energy Engineers, and the Association of Energy Service Professionals. Trainings included:
    - Association of Energy Services Professionals National Conference
    - Latest Trends in Measurement & Verification course (Arkansas Association of Energy Engineers)
    - Arkansas Association of Energy Engineers + ASHRAE Conference
- Continued cross promotion of CIEEP and the Load Management Pathway has consistently increased customer satisfaction.
- Pathway staff observed continued market transformation with pathway participants from previous years seeking input on more comprehensive EE projects beyond lighting.

  The contribution in net kWh savings of lighting retrofit projects to CIEEP decreased 16.0% from PY2022 to PY2023, with SWEPCO diversifying with SEM, compressed air leak repair, commercial door air infiltration, commercial smart thermostat, HVAC, refrigeration, and custom projects.

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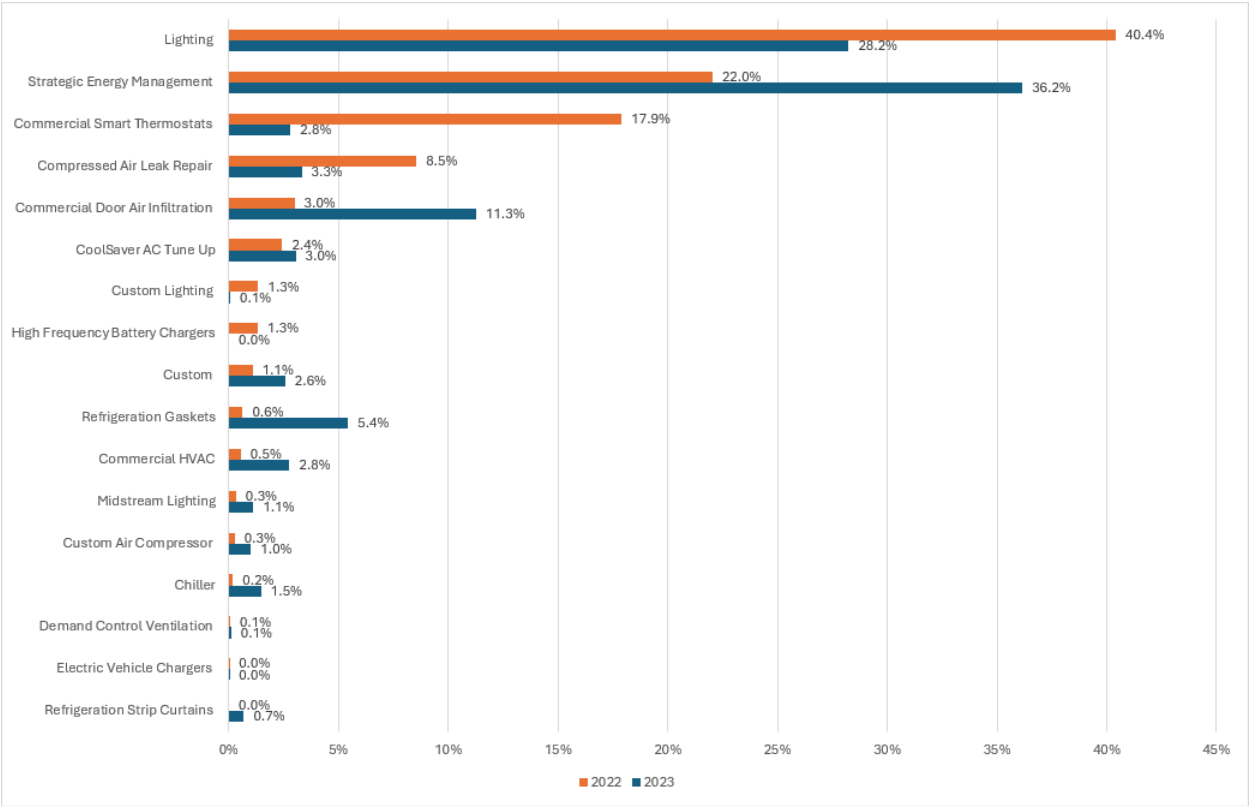

Figure 5 – PY2022 - PY2023 Net kWh Savings Achieved by Measure

Figure 5 highlights pathway comprehensiveness through multiple energy efficiency measures.

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2.1.1.3 Pathway Budget, Savings & Participants

Comm & Industrial (CIEEP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 3,734,967	$ 3,475,497	93%	14,737,590	17,158,948	116%	1,870	2,379	127%	182	226	124%
Program Year 2022	$ 3,731,897	$ 3,204,519	86%	14,737,590	17,951,885	122%	1,870	2,667	143%	182	250	137%
Program Year 2023	**$ 3,702,397**	**$ 3,261,658**	**88%**	**14,737,590**	**18,121,254**	**123%**	**1,870**	**2,437**	**130%**	**182**	**119**	**65%**

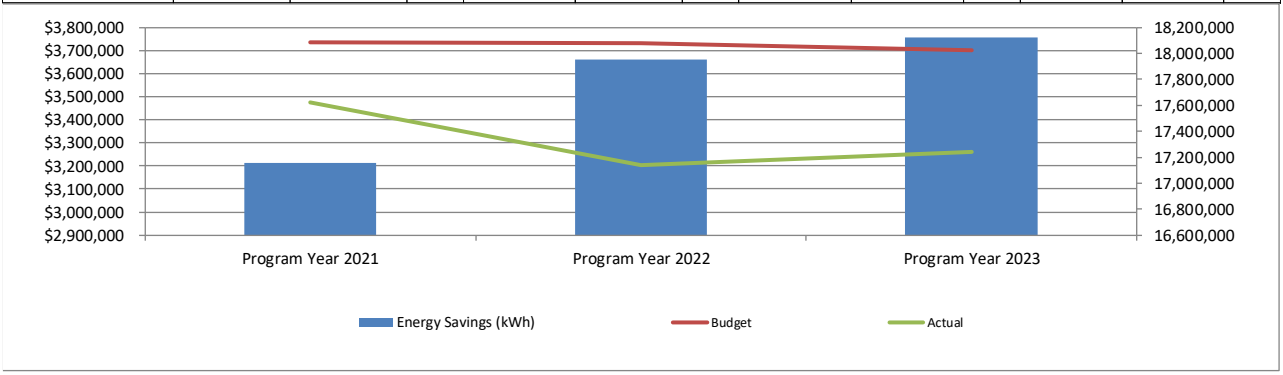

Figure 6 - Commercial & Industrial Energy Efficiency Pathway Trends

2.1.1.4 Description of a Participants

For the CIEEP, a participant is defined as a completed project. As previously stated, pathway eligibility was available to all commercial and industrial customers with a minimum peak demand greater than 100 kW, with the exception of customers approved to self-direct.

2.1.1.5 Challenges & Opportunities

<u>Challenges</u>

- Market conditions and upcoming federal regulations continue to highlight the need for energy savings measures other than traditional lighting measures. SWEPCO was successful in the CIEEP in PY2023 in diversifying the types of completed measures. All lighting categories combined comprised 28.2% of the pathway's net kWh. Continued outreach to customers, contractors and

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Architects and Engineering firms is required to successfully continue moving forward.

- Post pandemic effects continue to affect the CIEEP adversely, with capital improvements reduced due to supply chain issues, such a year's delay in one customer receiving delivery of a new chiller.

Opportunities

- SEM expanded dramatically from PY2022 to PY2023. The number of participants realizing savings increased from two in PY2022 to five in PY2023 and the total net kWh savings increased from 259,632 to 3,955,138. This is due to the increased interest by SWEPCO's customers, and adoption growing with time as customers internalize the measure's concepts and processes.
- CoolSaver A/C Tune-up contributions to the CIEEP increased from PY2022 to PY2023, from 435,850 to 485,544 net kWh savings, with substantial increases expected in PY2024.
- Midstream lighting contributions to the CIEEP increased from PY2022 to PY2023, going from 57,533 to 202,262 net kWh savings, with continued increases expected in PY2024.
- As a result of continued outreach, the implementation team completed several large facility energy audits in PY2023, including SEM energy audits and subsequent customer education of improvement opportunities, and will continue to do so in PY2024.
- Customers continued to show interest in compressed air leak repair projects throughout PY2023, with additional projects expected to complete in PY2024.
- Team members continue to increase their market engagement and outreach. This includes continual engagement of mechanical contractors and building a strong pipeline of new construction projects through outreach to customers, contractors, and Architect & Engineering firms.
- The Project Portal continues to allow both customers and trade allies to use a streamlined digital process to calculate incentives and submit project applications.

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2.1.1.6 Planned or Proposed Changes to Pathway & Budget

- Team members will focus on recruiting a diverse group of participating contractors and A&E firms throughout the year, beginning with a joint CIEEP and Small Business Commercial Contractor Kickoff events in January 2024.
- SWEPCO's CIEEP incentive budget for PY2024 will be $3,298,985 with a gross energy savings goal of 12,347,929 kWh.
- The CIEEP will remain a pathway within SWEPCO's Business/Industrial Solutions Program.

2.1.2 Small Business Pathway

2.1.2.1 Pathway Description

The Small Business Pathway (SBP) targets commercial customers with a maximum demand up to and including 100 kW. The pathway offers incentives for measures such as lighting, HVAC, direct install, refrigeration upgrades, and more. SBP is a contractor-driven pathway with much of the pathway marketing, site assessments, and project installations being performed by trade allies. Historically SWEPCO has paid incentives to the participating trade allies who deduct the incentive amount from the customers' project costs. As the pathway has diversified its measure offerings, customers may now, in some cases, receive their incentive payment directly from SWEPCO.

2.1.2.2 Pathway Highlights

- In PY2023, the SBP achieved 55% of the planned net energy savings goal and 56% of the planned net demand savings goal.[15]
- Pathway staff continued to focus on geographic regions with historically lower participation rates and on the diversification of measures contributing to the

[15] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 4-11, pg. 98

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pathway savings. SBP projects were completed in 25 cities throughout SWEPCO's service territory.

- Maintained an online Field Tool & Portal to provide SBP trade allies with the ability to create incentive estimates and submit project applications electronically
- Promoted both the SBP and the CIEEP to 678 individuals via in-person and virtual outreach
- Maintained communications with trade allies by:
  - Hosting virtual meetings and in-person meetings to keep in touch with participating contractors
- Marketing and outreach efforts increased in PY2023 included:
  - Continuing the use of an integrated marketing plan and tactics, which included emails, direct mail, bill inserts, postcards, digital ads, and social media
  - Directing outreach to customers to promote upgrades and participating contractors, including re-engagement of customers previously contacted by a contractor but who did not move forward with a project
  - Promoting the SBP at local and regional venues, including two Community Ally Events which led to increased engagement with local communities and two HVAC Lunch & Learns

- The contribution in net kWh savings of lighting retrofit projects to SBP (including midstream projects) increased from 49% in PY2022 to 78% in PY2023. Additional contributions were made by commercial door infiltration, commercial smart thermostats, CoolSaver A/C tune-ups, gaskets, and strip curtains.

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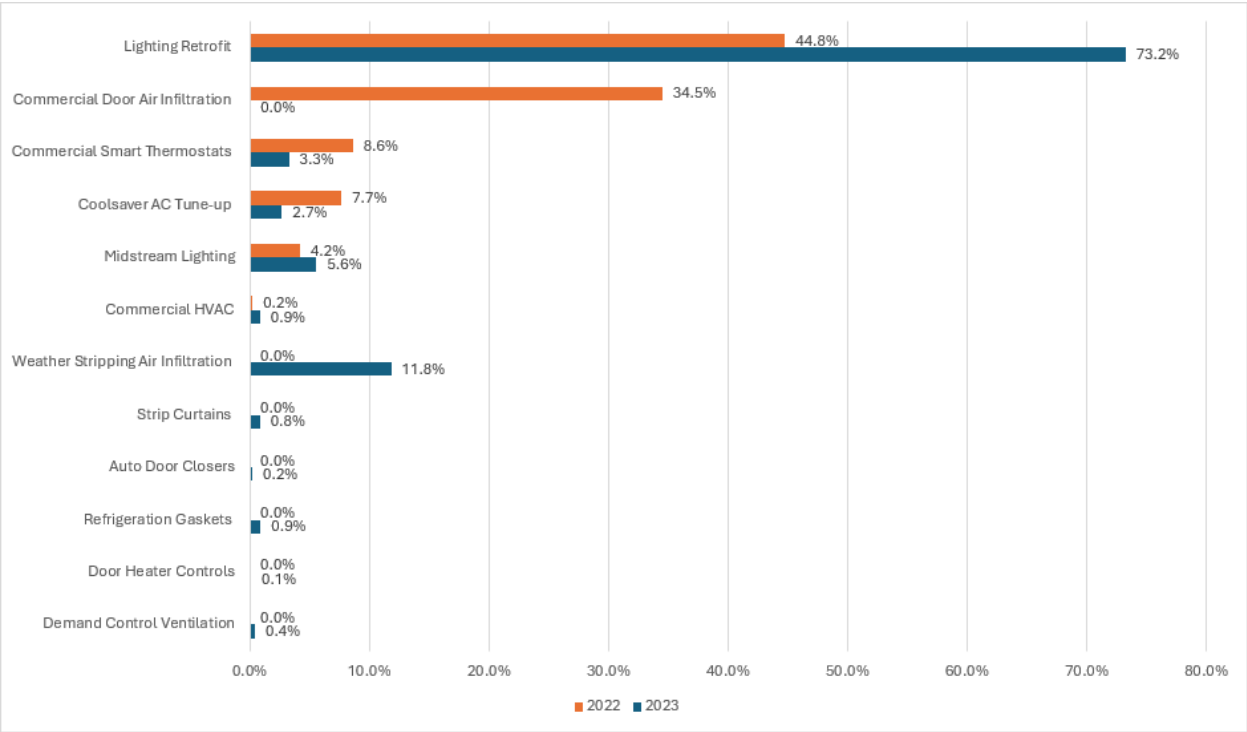

Figure 7 – PY2022 - PY2023 Net kWh Savings Achieved by Measure

Figure 7 highlights pathway comprehensiveness through multiple energy efficiency measures.

2.1.2.3 Pathway Budget, Savings, & Participants

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Small Business (SBP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 1,521,191	$ 1,216,118	80%	5,969,622	5,138,765	86%	1,170	848	72%	300	289	96%
Program Year 2022	$ 1,374,744	$ 1,084,166	79%	5,969,622	4,743,292	79%	1,170	761	65%	300	275	92%
Program Year 2023	**$ 1,614,244**	**$ 1,101,462**	**68%**	**5,969,622**	**3,311,611**	**55%**	**1,170**	**660**	**56%**	**300**	**291**	**97%**

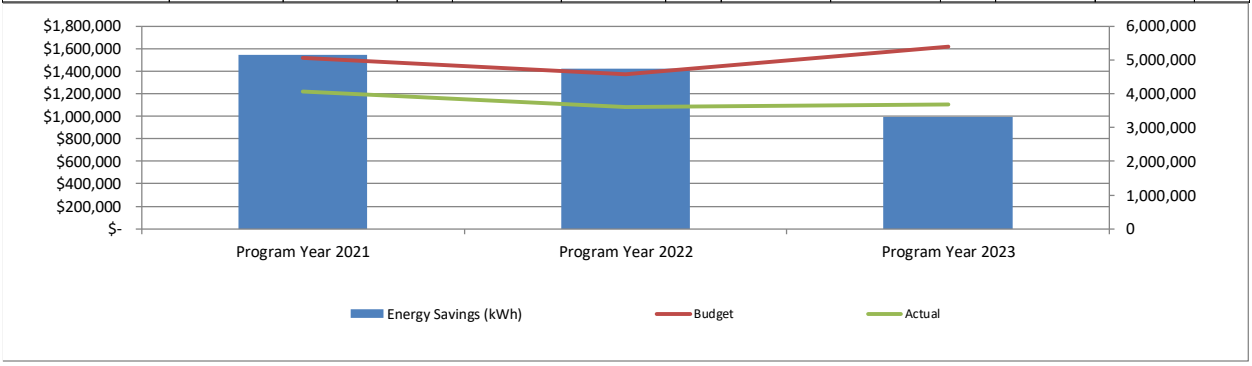

Figure 8 – Small Business Pathway Trends

2.1.2.4 Description of Participants

SWEPCO considers each Small Business Pathway project to be a participant.

2.1.2.5 Challenges & Opportunities

<u>Challenges</u>

- In PY2023, for the third year in a row, SBP experienced a decrease in net kWh and net kW savings (30.1% and 13.3% respectively) compared to PY2022. Supply chain issues, inflation and staff transitions had negative impacts on contractor activity throughout the year.
- The pathway experienced a decrease in the number of projects from PY2022 to PY2023, prompting SWEPCO to launch a seasonal Sales Performance Incentive Funds (SPIFs) for qualifying Small Business lighting projects in Q4 to accelerate the completion and submission of eligible projects before year end. SWEPCO also increased the incentive rate for Small Business lighting projects in PY2023 as well as removed the 90% project cost cap.

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- Most trade allies have a business model which supports a single measure. Therefore, they continue promoting single, core measures to their customers. Though several trade allies have expressed interest in expanding to offer additional measures beyond lighting, to date these attempts have not had long term success.
- The contribution of underserved markets to net energy savings increased from 14.1% PY2022 to 17.0% in PY2023. However, there are additional opportunities to increase participation rates in southwest Arkansas, and this will continue to be an outreach focus in PY2024.
- Midstream lighting contributions to the SBP decreased from PY2022 to PY2023. This decrease from 199,268 to 185,009 net kWh savings is attributed to vendors facing staffing challenges like other trade allies. Renewed engagement is planned to increase participation in PY2024.

Opportunities

- CoolSaver A/C Tune-Up contributions to SBP decreased from 363,881 net kWh savings in PY2022 to 89,179 in PY2023. Likewise Commercial Smart Thermostat contributions to SBP decreased from 408,791 net kWh savings in PY2022 to 108,190 in PY2023. These decreases were due to a trade ally placing more focus on large commercial customers.
- Commercial Door Air Infiltration decreased from 1,636,539 net kWh savings in PY202 to 391,719 in PY2023, demonstrating the importance of the measure to the SBP pipeline. We expect this trend to reverse in PY2024.
- Pathway staff will continue to pursue opportunities with trade allies whose core business model extends beyond lighting to become active in the SBP and the CIEEP.
- Team members continue to increase their customer & contractor engagement and outreach, especially for the recruitment of new construction, HVAC, and commercial food service contractors as well as Midstream vendors.

2.1.2.6 Planned or Proposed Changes to Pathway & Budget

- SWEPCO's Small Business Pathway incentive budget for PY2024 will be $1,505,013 with a gross energy savings goal of 6,379,556 kWh.

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- The SBP will remain a pathway within SWEPCO's Business/Industrial Solutions Program.

2.1.3 Load Management Standard Offer Pathway

2.1.3.1 Pathway Description

This program is a non-tariff based demand response (DR) program that targets large commercial and industrial customers with a minimum peak electric demand of 175 kW or greater. The minimum contract amount of demand reduction required is 175 kW per customer. When SWEPCO calls for a curtailment event, the participating customers are requested to implement their load reduction plan. The maximum number of hours a customer may be called upon in any Program Year (PY) is 49 hours which includes one-hour test. The Program Period is defined as June 1 through September 30, excluding weekends and holidays, during each PY. Events are limited to a maximum of four hours in duration and to no more than three events in a program month. LMSOP customers are notified at least one hour prior to an unscheduled event via telephone, e-mail and text.

SWEPCO installs interval data recorders (IDR) at LMSOP customer sites where an IDR is not already present. Prior to the program period, SWEPCO and the participating LMSOP customers perform a one hour scheduled curtailment test to determine a customer's ability to comply with the 175 kW minimum required curtailment threshold.

The criterion whereby curtailments are called is established prior to each Program Period. Prior to the LMSOP Program Period of PY2023, SWEPCO established the criteria to call for program curtailments when SWEPCO's peak load was anticipated to be at least 94% of the projected peak.

2.1.3.2 Pathway Highlights

SWEPCO paid $181,217 in monetary incentive to eight customers (16 meters) that were capable of reducing electrical peak demand with a minimum one-hour advance notice during the program months of June through September. The approved incentive budget was $250,000. The Company paid each of the eight participating customers $20/kW based on the average kW reduction during the program period. In addition, the Company

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paid $0.25 for every kWh reduced during an event period. The program's total expenditures in PY2023, including incentives, were $203,510, versus an approved budget of $296,968.

During PY2023, four unscheduled curtailment events were called. Historically, system peaks coincide with above average daily temperatures. Through daily monitoring of forecasted SWEPCO system peaks, the four curtailment events occurred, on June 29, July 19, August 2, and August 24. The August 24th call coincided with SWEPCO's summer system peak.

LMSOP participants are kept informed of other SWEPCO energy efficiency programs by program staff. Four participating LMSOP customers have been identified for potential CIEEP projects in PY2024, and these customers are waiting on management approval to proceed. Two of the participating LMSOP customers have shown interest in participating in the Strategic Energy Management program, SEM.

While the program evaluator conducted no customer satisfaction surveys as part of the PY2023 evaluation, the LMSOP program manager states customer satisfaction remains high with no program issues.

2.1.3.3 Pathway Budget, Savings & Participation

Load Mgt SOP (LMSOP)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
Program Year 2021	$ 295,389	$ 175,324	59%	150,000	105,437	70%	10,000	6,191	62%	20	16	80%
Program Year 2022	$ 296,968	$ 198,153	67%	150,000	137,981	92%	10,000	8,182	82%	20	17	85%
Program Year 2023	**$ 296,968**	**$ 205,062**	**69%**	**150,000**	**137,005**	**91%**	**10,000**	**8,140**	**81%**	**20**	**16**	**80%**

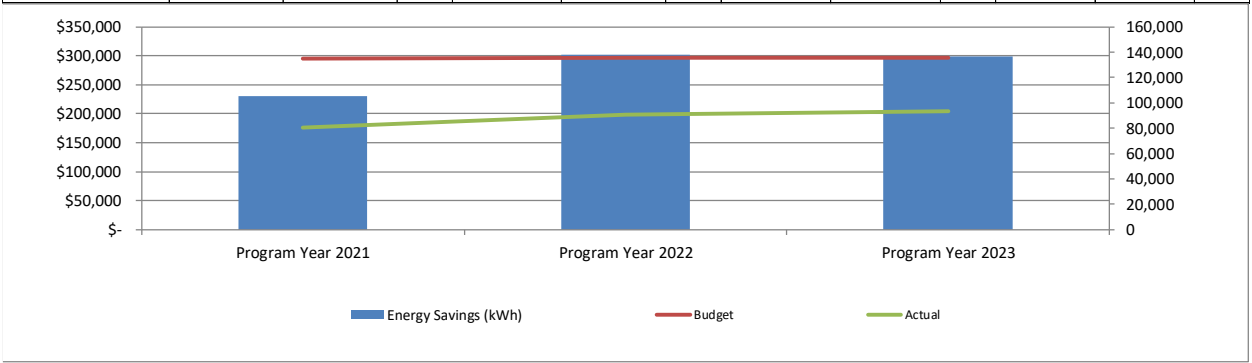

Figure 9 – Load Management Standard Offer Pathway Trends

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2.1.3.4 Description of a Participants

This program is a non-tariff based demand response (DR) program that targets large commercial and industrial customers with a minimum peak electric demand of 175 kW or greater. The minimum demand reduction required for participation is 175 kW per customer. In PY2023, the Company continued to define a participant as a meter.

2.1.3.5 Challenges & Opportunities

The LMSOP achieved 81.4% of its demand reduction target and 91.3% of its energy-savings target.[16] SWEPCO considers both its five-day demand forecast and knowledge of its available generating units when making unscheduled curtailment decisions. The LMSOP accounted for 50.4% of SWEPCO's PY2023 portfolio net demand reduction.

Challenges

- There were four unscheduled events in PY2023, which was the same number of unscheduled events in PY2022. The highest number of unscheduled events was nine, occurring in PY2011. As in previous program years, temperatures continue to be the driving force for the initiation of curtailment events since they are in direct correlation to system peak demand.
- There are a limited number of program eligible customers that can participate without adverse business results, and a customer must be able to reduce their demand by a minimum of 175 kW.

Opportunities

- Continue to keep LMSOP customers informed of other SWEPCO energy efficiency programs. Each of the LMSOP customers have completed and received incentives by participating in the CIEEP.

[16] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 4-13, p. 99

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- Two participating LMSOP customers have shown interest in participating in SEM
- Continue to pursue additional participants who have the potential to reduce their peak demand by 175 KW with one hour notice either through load curtailment or the use of onsite generation
- Continue to amend the criterion for when events are initiated by potentially lowering the forecast system peak demand threshold
- Continue to keep cold storage customers aware of potential curtailment events as system peak forecasts are updated
- The LMSOP customer that declined to participate in PY2021 due to equipment failures completed repairs and re-enrolled in PY2022 and successfully participated

2.1.3.6 Planned or Proposed Changes to Pathway & Budget

In PY 2024, the minimum contract amount of demand reduction per customer will be lowered to 50 kW per the new pathway filed with and approved by the APSC.

The approved budget (ABudget) for the LMSOP is $840,020 for PY2024

2.2 Home Solutions Program

In PY2023, SWEPCO offered the Home Solutions Program (HSP) as part of its energy efficiency portfolio, which provided a comprehensive range of customer options focused on energy efficiency, demand reduction, and education. The HSP consists of four pathways:

- Home Performance with ENERGY STAR Pathway
- Income Qualified Weatherization Pathway Pilot
- Residential Energy Improvement Pathway
- Efficient Products Pathway

Program Highlights

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- Achieved a ninth consecutive ENERGY STAR Partner of the Year Award, including a seventh "Sustained Excellence" designation, from the U. S. Environmental Protection Agency (EPA) for the PY2022 performance of the Company's HPwES Pathway

- In-person outreach continued in PY2023 with home and trade shows, Community Ally meetings, and a National Drive Electric Week event. There were 459 residential outreach and training events held in PY2023.

- Continue to grow inter-fuel, inter-utility project coordination with Black Hills Energy Arkansas (BHEA), the primary natural gas provider that overlaps SWEPCO's northwest Arkansas service territory

- Continued offering the New Homes Package through REIP resulting in participation from 4 homebuilders, for a total of 5 homes, with net energy savings of 17,598 kWh

- Continued marketing all pathways to SWEPCO's Arkansas customer base using a diverse and comprehensive marketing campaign. For PY2023 marketing was accomplished through the use of paid search, social media, print ads, radio ads and email campaigns. This resulted in 133,766 unique website visits, and 118,778 new visits. Spotify ads were developed in PY2022 for use in PY2023.[17]

- Continued to expand the use of an online portal to allow contractors to electronically submit single-family measures

- Included pathway specific article in each monthly Energy Efficient Residential Newsletter

- A Spanish translation feature was added to the SWEPCO EE portfolio website in PY2023. SWEPCO continued to use the EE portfolio website URL to function as an extension of SWEPCO's primary website, providing SWEPCO customers with a seamless transition to further EE pathway information.

- Continued to utilize pathway brochures that included participating trade allies contact information and provided trade allies with marketing materials for their use

[17] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, p. 43

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in recruiting potential customers

- Conducted two Building Performance Institute (BPI) Building Analyst training and certification classes, for trade allies resulting in 12 newly certified personnel. Nine received Building Analyst-Technician certification and three received Building Analyst-Professional certification. The classes were funded by SWEPCO and BHEA and offered to participating trade allies at a reduced cost.
- Utilized a no-cost online trade ally training portal for Continuing Education Units (CEU) and provided low-cost, virtual and in-person Building Performance Institute (BPI) training classes
- The National Home Performance Conference was attended by SWEPCO personnel, SWEPCO implementation team and contractors. SWEPCO offered two scholarships to assist contractors in attending this conference.
- Continued training the participating Income Qualified Weatherization Pathway (IQW) contractors to identify and implement additional measures and broaden the focus on health and safety
- The Home Solutions Program marketing materials provide information on the program pathways along with a brochure for the CoolSaver HVAC tune-up. The materials reference energy and cost savings and non-energy benefits such as improved comfort and longer lasting equipment.

The Home Solutions Program encouraged participants to capture deeper energy savings (kWh) through comprehensive projects. SWEPCO worked with the gas utilities to share the incentive costs for HVAC measures for shared customers while coordinating in-field training and mentoring with trade allies that participate in multiple utility programs to better align installation practices and quality assurance for dual fuel customers.

In PY2023, LED lighting (41%), duct sealing (29%), ceiling insulation (8%), and air infiltration (8%) are the HIM of the residential sector.[18]

[18] Appendix A, ADM Associates, Inc. PY 2023 Evaluation Report, p. 29

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2.2.1 Home Performance with ENERGY STAR ®

2.2.1.1 Pathway Description

The Home Performance with ENERGY STAR Pathway (HPwES) targets SWEPCO's Arkansas residential customers and connects eligible customers with a network of trained service providers (trade allies) to install EE improvement measures that save energy, reduce peak demand, and improve indoor comfort, air quality, and safety in existing residences.

Effective in PY2016, HPwES was restructured to operate in accordance with the APSC's Consistent Weatherization Approach (CWA). HPwES eligible homes must have been occupied for the last twelve months and be 10 years old or older or have had an electric bill in the last twelve months that exceeds $0.10 per square foot. All incentives are paid directly to the installing trade ally based on the eligible measures meeting energy efficiency standards in the home. Pathway core measures include a comprehensive energy assessment, duct sealing, air infiltration, ceiling insulation, wall insulation, LEDs, advanced power strips, low-flow showerheads, and faucet aerators. SWEPCO markets HPwES through an integrated marketing campaign, which includes a participating trade ally network and other community allies.

The national HPwES Program is a Department of Energy (DOE) and Environmental Protection Agency (EPA) backed program that endorses a "whole-house" approach where each project begins with a comprehensive home energy assessment. SWEPCO was the first ENERGY STAR Sponsor in Arkansas of the HPwES Pathway. Based on the success of this program during PY2022, SWEPCO made an application for, and won the 2023 ENERGY STAR Partner of the Year—Sustained Excellence Award. This was the ninth consecutive year for SWEPCO to receive the Partner of the Year Award.

2.2.1.2 Pathway Highlights

- In PY2023, the HPwES Pathway had 1,592 homes participate, achieving 5,852,964 net kWh savings, which is 90% of the planned net energy savings goal

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of 6,486,837 kWh[19]. The Pathway also achieved 2,035.47 in net kW savings or 93% of the planned net demand goal of 2,190.52 kW.[20]

- Total spend for HPwES in PY2023 was $ 2,843,826, which is 88% of the pathway budget. HPwES was cost-effective, with the TRC, UCT, and PCT cost benefit ratios well above 1.0.
- Continued the use of SWEPCO's EE portfolio website URL to function as an extension of SWEPCO's primary website, providing SWEPCO customers with a seamless transition to further EE pathway information
- Prepared and issued the annual Request for Qualifications (RFQ) for PY2023 trade ally participation. Each trade ally application was reviewed and scored to enroll and maintain a base of high-quality trade allies. The implementation team coordinated with the Black Hills Energy Arkansas (BHEA) implementation team throughout the process.
- Hosted a HPwES Pathway kick-off and training meeting for trade allies to launch the PY2023 pathway, train on best practices, and educate about new processes
- Continued the use of a joint utility Trade Ally Weatherization Portal for participating trade allies to submit project data electronically
- Continued to implement a project allotment system (1,299 leads generated and given out in PY2023) for all trade allies to ensure year-round pathway availability and increase trade ally consistency and performance
- Expanded trade ally base to include one new trade ally
- Continued the use of HPwES yard signs and door hangers for trade ally lead generation
- Attended the 2023 National Home Performance Conference in Seattle, WA., and offered two scholarships to participating trade allies, resulting in only one attending due to travel costs

[19] Appendix A, ADM Associates, Inc. PY 2023 Evaluation Report, Table 2-8, p. 30
[20] Appendix A, ADM Associates, Inc. PY 2023 Evaluation Report, Table 2-7, p. 27

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- Conducted a mid-year virtual HPwES Trade Ally meeting to review pathway progress and provide additional training
- Continued the successful joint utility partnership with HPwES sponsor BHEA and with Summit Energy. In total, the partnerships resulted in 724 customers receiving a joint-use trade ally visit, a single quality assurance visit and a joint comprehensive energy assessment report.
- Continued the use of a customer waiting list process to connect SWEPCO customers calling the toll-free pathway phone number, or signing up via the SWEPCO website, with an available contractor
- Continued to utilize a HPwES brochure that included participating trade allies contact information
- Continued the use of a trade ally Scorecard which helped to quantify the successes and possible obstacles that trade allies face, in addition to providing a comparison of their peers with HPwES
- Continued to utilize an Energy Assessment Report for trade allies, helping to, streamline the data gathering process, and create a uniform customer report for SWEPCO and BHEA joint customers
- On average, a single HPwES participant received measures that resulted in 3,511 kWh of energy savings and incentives that totaled $ 936.31.[21] As shown in Figure 10 below, duct sealing continued to be the primary savings driver for this pathway.

[21] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 5-108, p. 177

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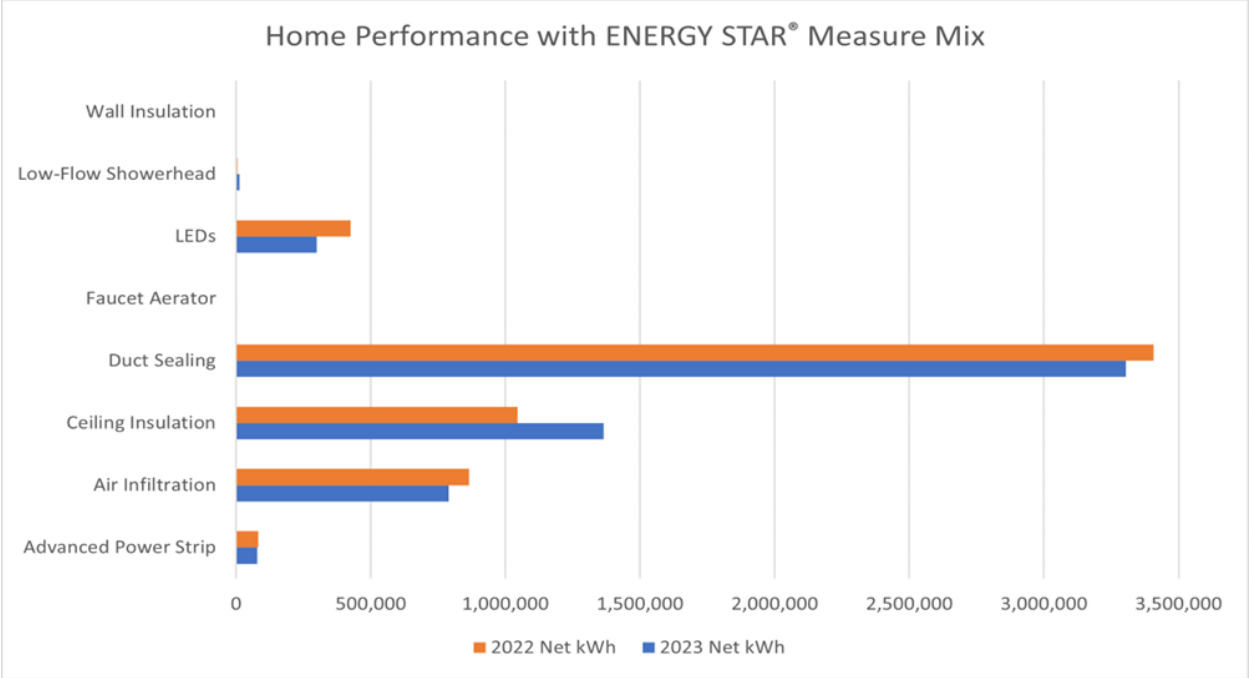

Figure 10 – PY2022 Measure kWh to PY2023 Measure kWh

2.2.1.3 Pathway Budget, Savings and Number of Measures

Home Performance (HPwES)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
Program Year 2021	$ 2,759,006	$ 2,328,353	84%	6,486,837	5,713,000	88%	2,191	1,969	90%	1,925	1,764	92%
Program Year 2022	$ 3,110,455	$ 2,992,900	96%	6,486,837	5,828,632	90%	2,191	2,184	100%	1,925	1,928	100%
Program Year 2023	**$ 2,999,305**	**$ 2,843,544**	**95%**	**6,486,837**	**5,852,964**	**90%**	**2,191**	**2,035**	**93%**	**1,925**	**1,592**	**83%**

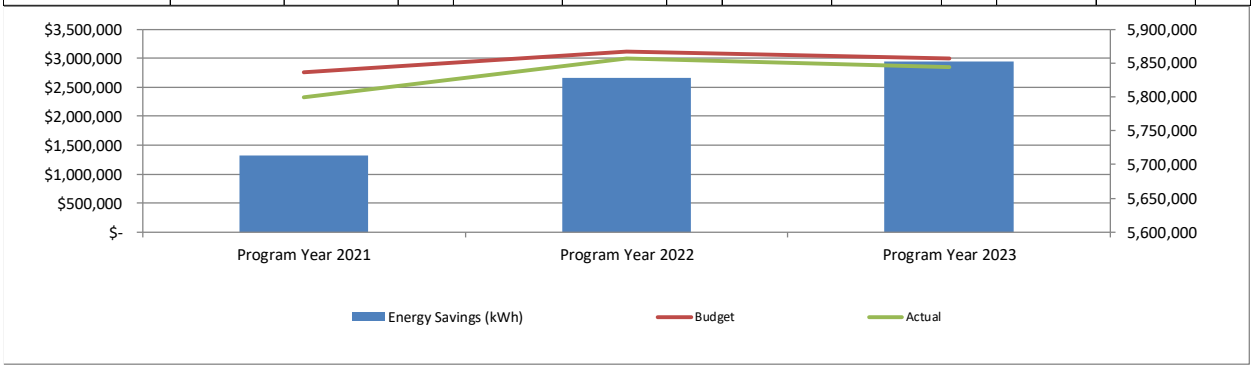

Figure 11 – Home Performance with ENERGY STAR Trends

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2.2.1.4 Description of Participants

For HPwES, the participant count represents the number of incentivized projects (homes).

2.2.1.5 Challenges & Opportunities

Challenges

- The supply chain appeared to stabilize in PY2023, however the rising cost of materials presented a challenge for trade allies.
- In PY2023, the pathway's outreach events included home and trade shows, Community Ally meetings, and trade ally training and appreciation events. Outreach events reached more than 1,456 people throughout all residential pathways. By utilizing both traditional and digital marketing tactics during the year, SWEPCO's HPwES pathway has continued to build customer awareness, employing the ENERGY STAR brand to enhance and validate the targeted marketing message.
- Maintaining contractor coverage throughout SWEPCO's Arkansas service territory, which spans parts of 13 counties, continues to be a challenge.

Opportunities

- Enhancing trade ally awareness of the weatherization industry by providing ongoing resources, updates, and BPI Building Analyst training opportunities
- Streamlining data collection methods, reducing paperwork, and faster incentive payment processing resulting from the use of the joint utility Trade Ally Weatherization Portal
- Program participation had a positive impact on participants' perceptions of SWEPCO as an energy provider, with the majority of respondents indicating it increased their satisfaction with SWEPCO.

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2.2.1.6 Planned or Proposed Changes to Pathway & Budget

- SWEPCO's HPwES will be renamed Home Weatherization Pathway (HWP) but will maintain the affiliations with the national Home Performance with ENERGY STAR program.
- The incentive budget for PY 2024 will be $2,304,133 with a net energy savings goal of 6,642,648kWh.

2.2.2 Income Qualified Weatherization Pathway

2.2.2.1 Pathway Description

The Arkansas Public Service Commission (APSC) issued ACT 1102 to better serve LIHEAP eligible and 65+ customers. In PY2020, SWEPCO created a pilot pathway, Income Qualified Weatherization Pathway (IQW), based on the success of the existing Home Performance with ENERGY STAR (HPwES) platform. The Pathway connects eligible customers with trained IQW service providers (trade allies) to install EE improvement measures that save energy, reduce peak demand, and improve indoor comfort, air quality, and safety. The IQW Pathway is one of four residential Pathways within the broader SWEPCO Home Solutions Pathway.

SWEPCO residential customers who meet the following requirements are eligible to participate in the IQW Pathway:

- Residential customers served by a SWEPCO electric meter.
- The residence must be individually metered, as verified by an active SWEPCO account number.
- The residence meets the AR CWA requirements:
  - Must have 12 months of usage history and
    - Be 10 years old or older or
    - Highest electric bill in previous 12 months exceeds $0.10/sq ft
- Customer must be LIHEAP eligible or at least 65 years of age and will self-certify
- Tenant-occupied dwellings are eligible providing the property owner provides permission.

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- The home cannot have previously participated in the Arkansas Weatherization Pathway (AWP), SWEPCO HPwES or IQW Pathways, or other utility weatherization programs. Those that have previously participated may still participate in SWEPCO's Residential Energy Improvement Pathway (REIP).

SWEPCO's IQW customers receive the same, no-cost measures covered under the APSC's 2016 Consistent Weatherization Approach (CWA):

- Comprehensive Energy Assessment
- Duct Sealing
- Air Infiltration
- Ceiling Insulation
- Wall Insulation
- LEDs
- Advanced Power Strips
- Low-flow Showerheads
- Faucet Aerators

SWEPCO's IQW Pathway developed incentives for non-traditional, no-cost direct install measures of:

- ENERGY STAR Smart Thermostats (when Wi-Fi is available)
- ENERGY STAR Air Purifier

Order No. 51 in Docket No. 13-002-U allows for an additional $500.00 to be used for Health and Safety Measures and include, but are not limited to:

- Minor Electrical Repair
- HVAC Repair
- Clean Dryer Vent
- Flue Repair
- Exterior Moisture Control
- Furnace Filter

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- Smoke/CO Detectors
- Mechanical Ventilation – Following ASHRAE 62.2-2013 Guidelines

The IQW Pathway is implemented in conjunction with the local gas utilities that share service territory. To supplement the IQW Pathway measures, SWEPCO offers additional measures through the REIP, to help reduce the cost of installing more energy efficient measures not included in the no-cost IQW Pathway.

2.2.2.2 Pathway Highlights

- In PY2023, the IQW Pathway achieved 176% of the planned net energy savings goal and 168% of the planned net demand goal.[22]
- In PY2023, 75 homes participated in the IQW Pathway and achieved 431,546 kWh of net energy savings and 140.9 kW of net demand savings.
- Total spend for IQW in PY2023 was $218,227 which is 113% of the pathway budget. IQW was cost-effective, with the TRC, UCT, and PCT cost benefit ratios well above 1.0 with a levelized cost of $0.051 per kWh.[23]
- On average, IQW participants received measures that resulted in 5,396 kWh of gross energy savings and incentives that totaled $1,460.77.[24] As shown in Figure 12 below, duct sealing continued to be the primary savings driver for this pathway.
- Continued training the participating trade ally to identify and implement the additional pathway measures and broadened the focus on health and safety.
- Additional training for trade ally crews on ASHRAE 62.2-2013 for adequate mechanical ventilation measures.
- Followed ASHRAE 62.2 protocols to ensure the health and well-being of all parties involved while administering the IQW pathway.

[22] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-8, pg. 30
[23] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-19 pg. 47
[24] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 5-113 p. 179

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- Continued communication between SWEPCO and the natural gas utilities' implementation teams to further unify and streamline the pathway processes, interactions, trade ally engagement, and customer experiences beyond the current portal implementation.
- Continued the use of a joint utility Trade Ally Weatherization Portal for participating trade allies to submit project data electronically
- Used the project allotment system for trade allies to ensure year-round pathway availability and increase trade ally consistency and performance
- Continued the successful joint utility partnership with BHEA resulting in 35 customers receiving a joint-use trade ally visit, a single quality assurance visit, and a joint comprehensive energy assessment and report.

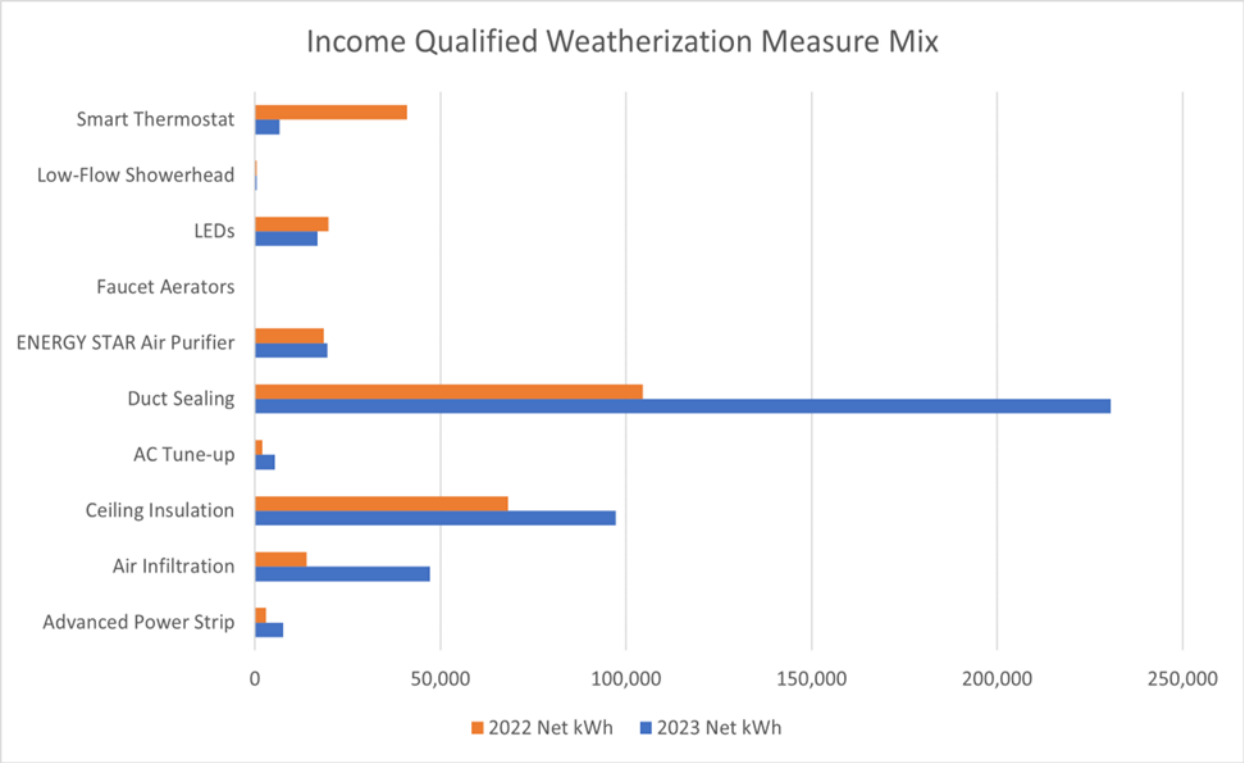

Figure 12 – PY2022 – PY2023 Measure kWh

2.2.2.3 Pathway Budget, Savings and Number of Measures

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Income Qualified (IQW)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 191,175	$ 173,964	91%	245,410	249,902	102%	84	88	106%	50	61	122%
Program Year 2022	$ 234,592	$ 219,831	94%	245,410	271,499	111%	84	124	149%	50	72	144%
Program Year 2023	**$ 228,742**	**$ 218,212**	**95%**	**245,410**	**431,546**	**176%**	**84**	**141**	**168%**	**50**	**75**	**150%**

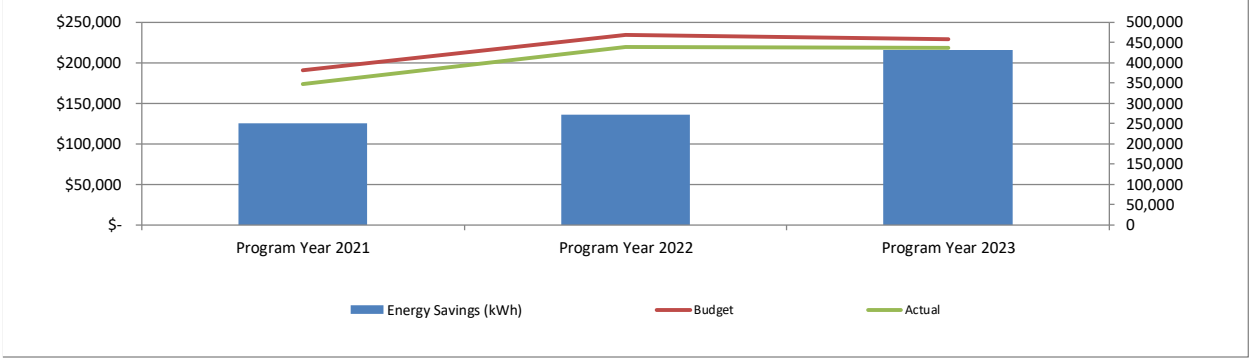

Figure 13 - Income Qualified Weatherization Trends

2.2.2.4 Description of Participants

For IQW, the participant count represents the number of incentivized projects (homes).

2.2.2.5 Challenges & Opportunities

Despite market constraints due to workforce retention, increasing material costs, and higher interest rates, the pathway saw an increase in participants and energy savings in PY2023.

The pathway participant count increased from 72 in PY2022 to 75 in PY2023.

Table 2: IQW Pathway Growth Summary 2020 - 2023

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Pathway Year	Total No. of Homes	Total Est Gross kWh Savings	Total Est. kW Savings	kWh Goal	kWh/Home	Incentive $/kWh
2020	56	268,773	72.50	266,750	4,800	$0.31
2021	61	268,204	91.00	266,750	4,396	$0.36
2022	72	267,727	120.69	266,750	3,718	$0.51
2023	75	437,108	141.52	266,750	5,396	$0.50

Opportunities

- Evaluate other health and safety options or measures that might have application in the IQW demographic
- Enhancing trade ally awareness of the weatherization industry by providing ongoing resources, updates, and BPI Building Analyst training opportunities
- Increase the number of participating trade allies in an effort to serve more customers throughout the territory

2.2.2.6 Planned or Proposed Changes to Pathway & Budget

- SWEPCO's IQW incentive budget for PY2024 will increase to $432,119 with a net energy savings goal of 1,071,667 kWh.
- Opportunity to grow IQW savings in PY2024 through an increased participation from 75 to 200 homes as the Pathway shifts from a pilot to a regular pathway
- Trade ally development to drive increase in savings and fully subscribe incentive budget.

2.2.3 Residential Energy Improvement Pathway

2.2.3.1 Pathway Description

The Residential Energy Improvement Pathway (REIP) is available for all SWEPCO Arkansas residential customers, either owner or renter. Incentives are paid to customers

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and service providers (trade allies) for the installation of targeted EE measures that save energy and reduce peak demand in existing single-family residences and multifamily housing units. Measures eligible for incentive payments include, but are not limited to CoolSaver HVAC tune-ups, ENERGY STAR smart thermostats, heat pump water heaters, replacement of central air conditioners and heat pumps, and building envelope measures, such as duct sealing, air infiltration, insulation, and ENERGY STAR windows.

The New Homes Incentive Package utilizes an incentivized tier system for the construction of new homes that capitalizes on high efficiency standards to meet or exceed local building codes and focuses on reducing energy use by 15-30% over conventionally built homes. Measures include 16+ SEER heat pumps, ENERGY STAR appliances, LED lighting, 240v outlet for Electric Vehicle charging, and/or heat pump water heaters and induction cooktops. SWEPCO markets this pathway through an integrated marketing campaign, which includes a participating trade ally network and other Community Allies.

2.2.3.2 Pathway Highlights

- In PY2023, the REIP achieved 4,299,812 kWh net energy savings or 117% of the 3,678,955 kWh planned net energy savings goal[25] and 649 kW demand savings[26] or 212% of the 306 kW[27] planned net demand savings goal.
- The New Homes Incentive Package had 5 homes with 4 builders participating, for a combined net savings of 17,598 kWh and 3 kW.
- Provided in-person and virtual training to new trade allies, reviewing forms, pathway details, walk-through assessment training, and marketing opportunities
- The number of participating trade allies increased to 45 trade allies submitting projects for single family homes in PY2023.

[25] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-8, p. 30
[26] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 2-7, p. 27
[27] Appendix A, ADM Associates, Inc. PY2023 Evaluation Report, Table 1-1, p. 21

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- Continued to implement a direct install ENERGY STAR smart thermostat incentive for single and multi-family projects
- Increased CoolSaver HVAC tune-up net energy savings from 968,170 kWh in PY2022 to 1,013,942 kWh in PY 2023
- Continue to expand the use of an online portal to allow trade allies to electronically submit single-family measures
- Conducted in-field and virtual training to trade allies to reinforce best practices in duct sealing, air infiltration, and ceiling insulation installation
- Inspected 9.3% of the 1,737 completed projects, either in-person or virtually, to maintain high quality installation standards
- Conducted two virtual Building Performance Institute (BPI) Building Analyst certification classes with in-person field training, resulting in 12 technicians becoming certified, and three virtual CoolSaver HVAC tune-up trainings at reduced cost for participating trade allies, resulting in 9 new technicians being trained
- Continued a CoolSaver HVAC tune-up pre-clean process allowing trade allies to partially complete the HVAC tune-up outside of the cooling season and to finalize the remainder of the tune-up when required weather conditions were met
- Achieved highest annual CoolSaver savings with 473 tune-ups with over 1,000 MWh
- Added trained, in-house CoolSaver technician to strengthen the single-family home sector
- Increased CoolSaver from 19% to 23% of measure mix
- Started transition from SEER to SEER2 for HVAC replacements
- Continued the REIP multifamily component process which required implementation staff to initiate property contact, pathway introduction, and property evaluation prior to trade ally measure installation. Implementation staff conducted some testing for duct sealing and air infiltration to ensure the property was a viable candidate for pathway participation.

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- Conducted multifamily project QAQC inspections to ensure quality work throughout the various stages of the projects. This process provided improved communication between all project stakeholders and increased multifamily property owner and tenant satisfaction.

- Continued the use of a Trade Ally Property Summary to help educate the participating multifamily property managers on the completed improvements and recommend additional energy saving opportunities

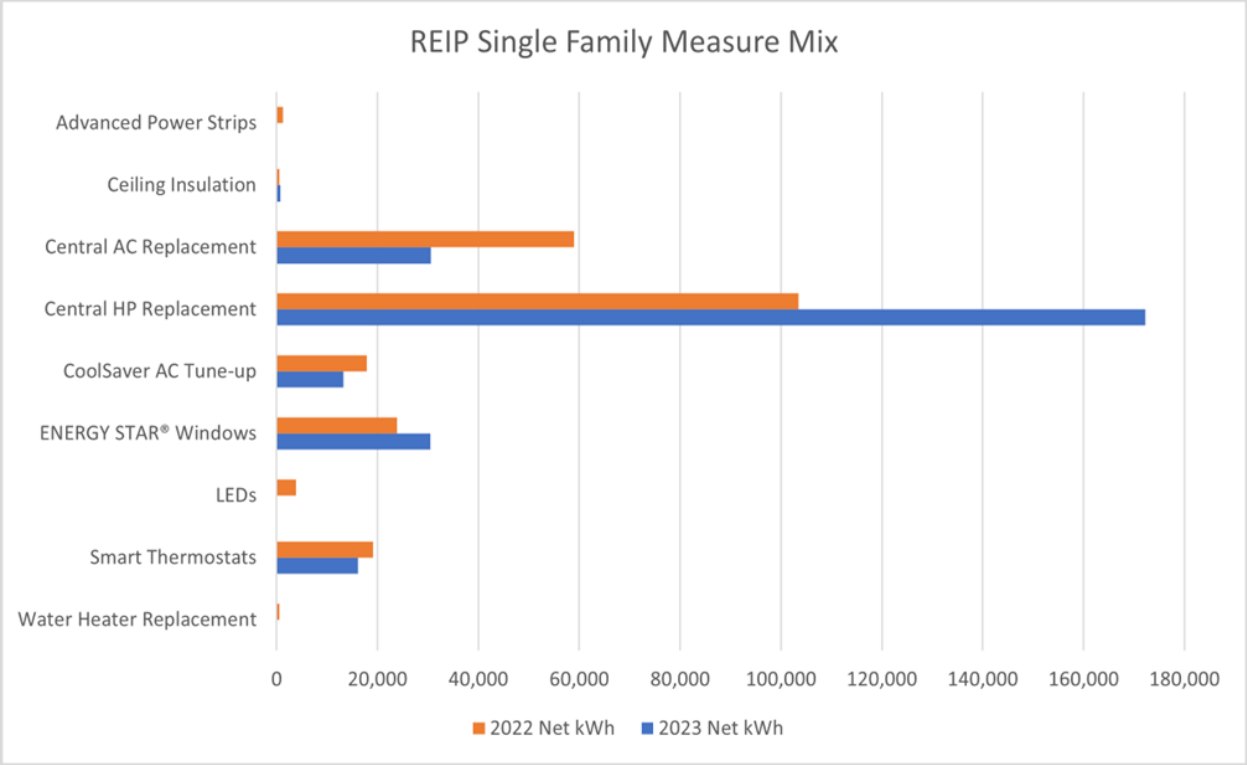

Figure 14 – Single Family Measure Comparison PY2022-PY2023

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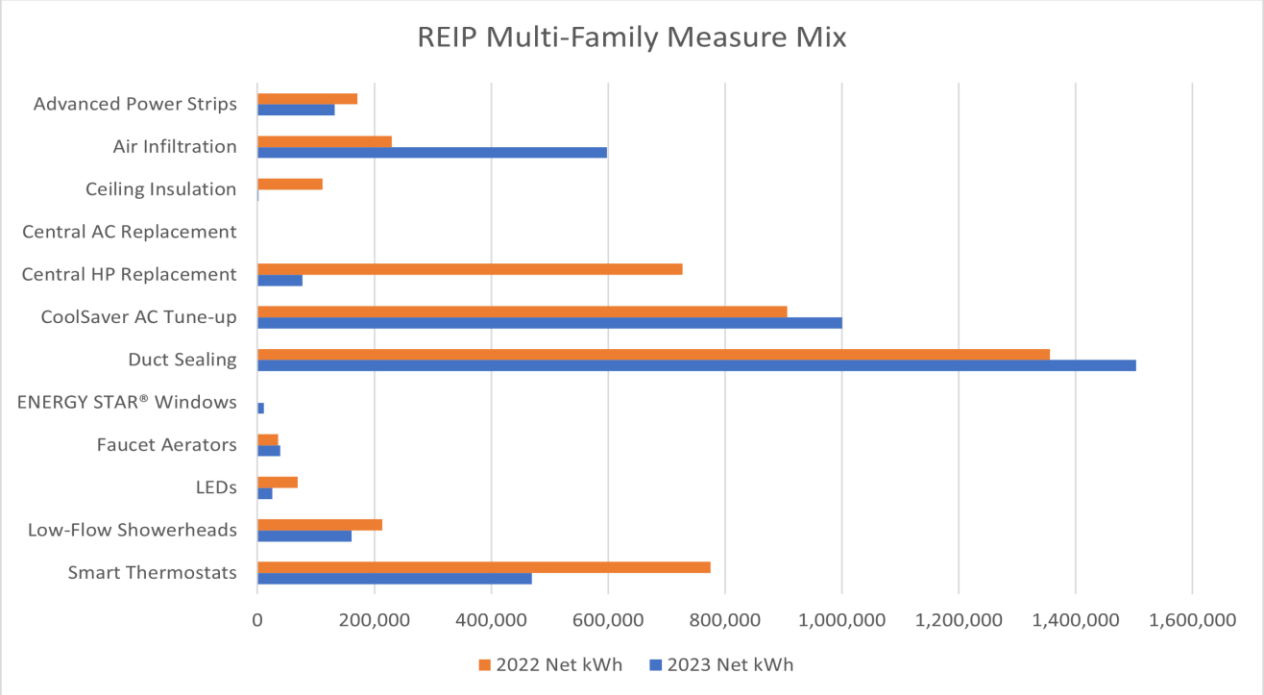

Figure 15 – Multifamily Measure Comparison PY2022 – PY2023

2.2.3.3 Pathway Budget, Savings, and Number of Measures

Res Energy Imprv (REIP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 1,780,217	$ 1,635,968	92%	3,678,955	4,970,277	135%	306	612	200%	4,734	75,048	1585%
Program Year 2022	$ 1,645,650	$ 1,454,949	88%	3,678,955	4,873,998	132%	306	580	190%	4,734	3,733	79%
Program Year 2023	**$ 1,401,650**	**$ 1,357,406**	**97%**	**3,678,955**	**4,299,812**	**117%**	**306**	**649**	**212%**	**4,734**	**7,474**	**158%**

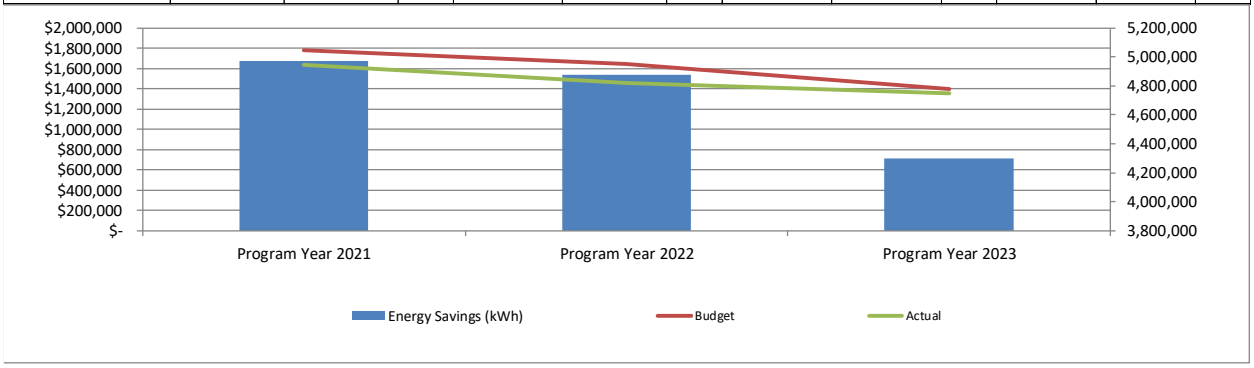

Figure 16 – Residential Energy Improvement Pathway Trends

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2.2.3.4 Description of Participants

For the REIP, the participant count represents the number of incentivized measures.

2.2.3.5 Challenges and Opportunities

Challenges

- The geographic layout of the SWEPCO territory remains a major barrier, creating difficulties for pathway trade allies to identify eligible customers or specific areas to promote the pathway.
- The majority of trade allies have a business model which supports a single measure. With SWEPCO's continued efforts to encourage cross-promotion, several trade allies have started to branch out, promoting additional measures beyond their core business model, such as bundling smart thermostats with the CoolSaver HVAC tune-up.
- While single-family customer awareness of the pathway has continued to improve each year, it continues to be an obstacle. Despite widespread marketing efforts by SWEPCO and the implementation staff, some customers still state they are unaware of the program.
- The replacement of air conditioners and heat pumps continued to improve but remains low. Pathway paperwork/code requirements, pathway awareness, and replacement cost continue as both trade ally and customer participation barriers.
- Despite a healthy incentive, and strong outreach to trade allies and retailers, the heat pump water heater measure continues to experience low participation.

Opportunities

- The primary driver for REIP in PY2023 continued to be the multifamily component. The mulitfamily market gives SWEPCO a chance to impact more underserved, low-income customers.
- Multifamily properties that had previously participated in REIP will continue to be leveraged to adopt additional measures such as CoolSaver HVAC tune-up, smart thermostats, ENERGY STAR windows, HVAC replacement, and ceiling insulation.

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Property managers' familiarity with REIP makes them more willing to participate than a new property.

- Trade ally training will be continued in PY2023 to encourage pathway participation and assist trade allies to adopt new measures or partner with other network trade allies.
- Continue outreach and recruitment efforts to plumbing contractors for the heat pump water heater measure
- Continue to drive CoolSaver growth through increased training of new and current contractors

2.2.3.6 Planned or Proposed Changes to Pathway & Budget

- In PY2024, the REIP will continue to be a Pathway in SWEPCO's Home Solutions Program.
- The New Homes component of REIP will be moved to a New Construction pathway in PY2024.
- Design enhancements planned for PY2024 includes increased push of heat pump water heaters, additional focus on electric resistance to heat pump upgrades, and further development of participating trade allies
- For PY2024, the minimum requirement for heat pump and air conditioning incentives will be 15.2 SEER2.

SWEPCO's REIP incentive budget for PY2024 will increase to $1,203,375, with a net energy savings goal of 7,458,291 kWh.

2.2.4 Efficient Products Pathway

2.2.4.1 Pathway Description

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The Efficient Products Pathway (EPP) is designed to reduce the initial costs associated with the purchase of advanced power strips (APS), ENERGY STAR qualified LEDs, ENERGY STAR clothes washers, ENERGY STAR air purifiers, ENERGY STAR heat pump water heaters, ENERGY STAR smart thermostats, ENERGY STAR pool pumps, ENERGY STAR dehumidifiers, and ENERGY STAR certified Level 2 Electric Vehicle chargers to increase their penetration in the market.

A point-of-purchase (POP) discount is the incentive provided to customers for LED bulbs. SWEPCO buys down the cost of qualifying ENERGY STAR LEDs at partner retailers. All retail customers receive buy-down pricing, and no pre-qualification is required at the point of purchase.

All EPP product incentives may be applied via one of three methods: instant in-store, an online web portal, or paper forms. Product and customer qualification and other requirements are verified prior to the incentive payment.

SWEPCO markets the pathway through an integrated marketing campaign, in-store point-of-purchase signage with partner retailers, and various outreach events.

2.2.4.2 Pathway Highlights

- In PY2023, the EPP achieved 6,512,556 kWh net energy savings or 201% of the planned net energy savings goal of 3,237,145 kWh[28] and achieved 1,072 kW net demand savings or 200% of the planned net kW demand savings goal[29].
- Continued use of an online Instant Rebate Tool (IRT) which provides customers an instant discount code to be used at check out when purchasing ENERGY STAR air purifiers, ENERGY STAR dehumidifiers, ENERGY STAR clothes washers, ENERGY STAR heat pump water heaters, ENERGY STAR smart thermostats, and ENERGY STAR certified Level 2 Electric Vehicle chargers at select retailers
- Conducted 152 retailer visits to inspect signage, confirm stock, pricing, and

[28] Appendix A, ADM Associates, Inc., PY2023 Evaluation Report, Table 2-8 p. 30
[29] Appendix A, ADM Associates, Inc., PY2023 Evaluation Report, Table 2-7 p. 27

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placement of all incentivized products, and trained 32 retail store personnel

- Continued LED off-shelf and end cap promotions with 24 end cap promotions and 6 off-shelf promotions
- Exited mass merchant stores at the end of March, DIY stores in June, and only remained in discount retailers through the end of the year
- Continued lighting promotion with local food pantries resulting in the distribution of 204,896 LEDs and a net energy savings of 5,381,175 kWh[30]
- Continued market neutrality regarding manufacturer and retailer partners, supporting all retailers and manufacturers equally
- Maintained a strategic selection of retail partner store locations to minimize leakage
- Carefully managed SKU options at retail partners throughout the year to maintain consistent pathway presence within the budgetary allotment

[30] Appendix A, ADM Associates, Inc., PY2023 Evaluation Report, Table 5-4, page 133 and Table 5-1 p. 127

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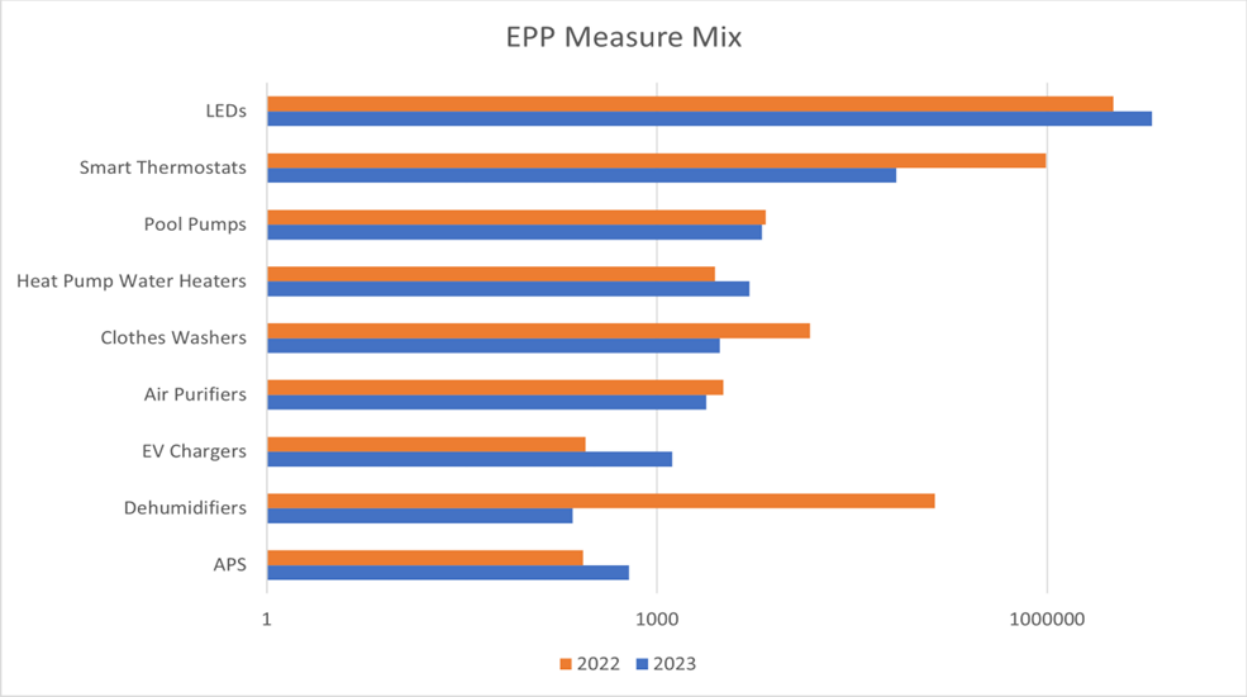

Figure 17 – Efficient Products Pathway Measure Mix Comparison PY2022 – PY2023

2.2.4.3 Pathway Budget, Savings and Number of Measures

Efficient Products (EPP)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
Program Year 2021	$ 1,051,258	$ 838,355	80%	3,237,145	4,002,981	124%	534	658	123%	144,975	47,519	33%
Program Year 2022	$ 1,077,570	$ 888,866	82%	3,237,145	4,356,346	135%	534	587	110%	144,975	4,090	3%
Program Year 2023	**$ 1,228,570**	**$ 1,111,185**	**90%**	**3,237,145**	**6,512,556**	**201%**	**534**	**1,072**	**201%**	**144,975**	**247,730**	**171%**

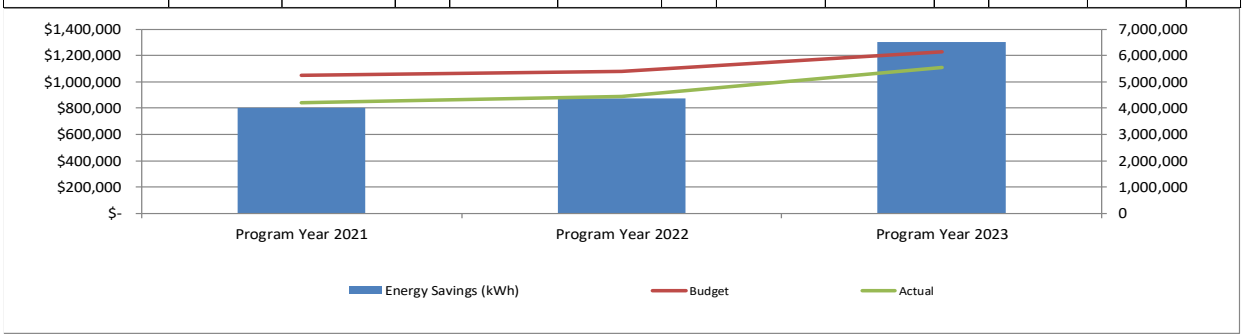

Figure 18 – Efficient Products Pathway Trends

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2.2.4.4 Description of Participants

SWEPCO defines a participant as an individual unit, i.e., a single LED, advanced power strip, clothes washer, smart thermostat, air purifier, heat pump water heater, pool pump, dehumidifier, or electric vehicle charger.

2.2.4.5 Challenges & Opportunities

During the PY2023 evaluation, SWEPCO's third-party evaluator utilized the Price Response Model to evaluate free ridership. This methodology develops a regression to estimate the relationship between the price and quantity sold. The Evaluator used a negative binomial model to account for the right-skewed relationship between prices and quantities.[31]

<u>Challenges</u>

- The point-of-purchase instant markdown delivery approach utilized by SWEPCO allowed for greater market penetration and influence than other delivery methods. This method creates challenges within SWEPCO's unique service area as it is conducive to leakage.
- Retailers have specific protocols in place that prohibit best-practice evaluation techniques such as in-store surveys. As a result, the determination of the appropriate free ridership, spillover, and net-to-gross adjustments was a challenge when performing pathway evaluation.

<u>Opportunities</u>

- Smart thermostat adoption rates will increase as customers continue to transform their homes with smart devices.

[31] Appendix A, ADM Associates, Inc., PY2023 Evaluation Report, p. 73

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2.2.4.6 Planned or Proposed Changes to Pathway & Budget

- With the full implementation of EISA, SWEPCO will discontinue POP sales, but will continue to provide LED bulbs via food bank distributions.
- SWEPCO will no longer provide instant discounts and will discontinue the use of the Instant Rebate Tool (IRT).
- Added new measures including ENERGY STAR certified refrigerators and freezers.
- Added a Refrigerator and Freezer recycling program.

SWEPCO's Efficient Products Pathway incentive budget for PY2024 will be $293,347 with a gross energy savings goal of 1,527,976 kWh. The decreased budget and energy savings is the result of the EISA changes in the required efficiency levels of screw-in light bulbs.

2.3 Energy Efficiency Arkansas

2.3.1 Program Description

EEA is an energy education program sponsored jointly by the gas and electric utilities of Arkansas and administered by the Arkansas Energy Office (AEO). The purpose of EEA is to provide fuel neutral information, education, and training that encourages the people and businesses of Arkansas to consume less energy through energy efficiency and conservation measures. The five primary components of EEA are as follows:

- Education and Information Outreach (Residential)
- Media Promotion
- Commercial and Industrial Education and Information Outreach
- EEA Program Evaluation
- Accountability

2.3.2 Program Budget and Cessation of EEA

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The EEA budgets to be used by the AEO for PY2020-2022, along with the associated Memorandum of Understanding (MOU) were approved by Order 60 in Docket No. 07-083-TF on June 17th, 2019.

With this MOU, EEA was allowed to expire on December 31st, 2022 with no fourth MOU needed and 2022 being the final Utility invoicing period. However, under Dockets No. 13-002-U, Order 65 and Docket No. 07-083-TF, Order 62, EEA would be allowed to administer final programming activities through Calendar Year 2023 in order to expend all remaining funds and both Orders would extend the current MOU to December 31st, 2023.

On December 29, 2023, the Commission issued Order No. 65 in Docket 07-083-TF allowing a three-month extension to conclude any and all ongoing activities related to the statewide Energy Efficiency Arkansas Education Program (EEA); requiring AEO to prepare a final accounting and disposition of any funds in its possession on or before March 31, 2024; ordering the AEO to file a final Closeout Report in this Docket on or before April 14, 2024; reflecting the final disposition of EEA funds, including any unobligated funds to the participating utilities, such that the final balance if EEA funds is zero; and ordering AEO to work with Staff to file a joint motion on or before April 15, 2024, officially ending the EEA Program.[32]

On April 4, 2024, the Arkansas Energy Office submitted the ENERGY EFFICIENCY ARKANSAS PROGRAM CLOSEOUT REPORT in Docket 07-083-TF, Document 299. This was followed up by the ASPC's General Staff filing of Docket 07-083-TF, Document 300 on April 5, 2024, the JOINT MOTION TO END PROGRAM, declaring that Staff has verified the disposition and final balance of EEA funds to be zero and agrees with the AEO that the EEA Program be officially ended. With the conditions of Order No. 65 having been met, General Staff and AEO request that the Commission enter an order officially ending the EEA Program.

[32] Docket No, 07-083-TF, Doc. 297, p. 3.

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EnergyEfficiency AR (EEA)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 38,933	$ 9,520	24%	0	0	-	0	0	-	0	0	-
Program Year 2022	$ 41,324	$ 39,750	96%	0	0	-	0	0	-	0	0	-
Program Year 2023	**$ 41,324**	**$ -**	**0%**	**0**	**0**	**-**	**0**	**0**	**-**	**0**	**n/a**	**-**

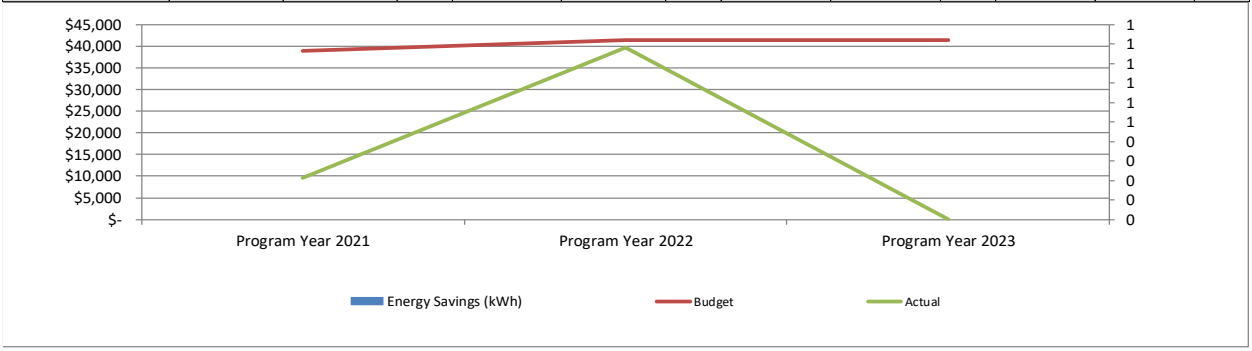

Figure 19 – *Energy Efficiency Arkansas Program Trends*

2.4 Educational Program

SWEPCO included the Educational Solutions Program (ESP) in PY2021, as part of its energy efficiency portfolio. While there are no participant goals or incentives tied to the program, the focus is to provide educational material to help customers make informed decisions regarding their energy use, energy efficiency, and electrification. The Program consists of:

• Home Energy Management Tools (HEM)

• Electric Vehicle Equipment Pathway (EVE)

Program Highlights

- The Home Energy Management (HEM) online tools enable SWEPCO residential customers to learn about and empower change in their energy usage habits.
- EVE pathway provides customers with information regarding the environmental impacts of EV ownership and types of EV charging through the Company website SWEPCO.com/Drive.

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2.4.1 Online Audit

2.4.1.1 Pathway Description

The Home Energy Management online tool (HEM) was designed with integrated and enhanced features to capture more customer data, which will increase energy efficiency awareness and drive increased participation in the various residential pathways, thereby, providing additional savings for the portfolio. One component of this package is an online audit, known as the Home Energy Analysis.

The HEM tool features five embedded widgets:

- **Home Energy Analysis** encourages customers to take and complete an online audit, which provides us with valuable information about their home and allows the HEM tools to offer more relevant and personalized content.
- **Bill Comparison** lets customers compare their monthly bills and includes reasons why there are differences in cost. The default setting is a comparison between the current bill and the bill from the previous year.
- **Data Browser** helps customers understand their energy use over time with relevant comparisons to weather, similar homes and prior usage. They can see high-level trends and identify spikes in their use.
- **Tips** offer reasonable actions customers can take to control their energy use and to save on their bills. These savings tips are organized in collections of “guides” so they are relatable and fit into our customers’ lives.
- **Account & Preferences** is where customers can adjust their HEM tool settings.

The tool also provides **High-Bill Alerts**, which are emails to customers when they are on track to use more energy than they did during the same bill period the previous year. The alert uses weather data and historical usage data to estimate current usage, and to calculate a projected cost for the end of the billing cycle.

2.4.1.2 Pathway Highlights

Since its launch in 2020, a total of 5,854 SWEPCO customers have completed the Home Energy Analysis, receiving a report which provided detailed information regarding their specific home’s energy usage, energy efficiency tips and applicable SWEPCO residential

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pathways for further savings. It is unknown how many customers may have partially completed the required data fields prior to exiting the tool. Of the 5,854 completed reports, 1,662 were completed in PY2023, resulting in 10 customers participating in one of the SWEPCO Arkansas energy efficiency pathways during PY2023. Of the 10 customers, 9 participated in the Home Performance with ENERGY STAR (HPwES) Pathway.

2.4.1.3 Pathway Budget, Savings & Participants

Online Audit Tool

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
Program Year 2021	$ 10,000	$ -	0%	0	0	-	0	0	-	0	2,627	-
Program Year 2022	$ 12,000	$ -	0%	0	0	-	0	0	-	0	1,594	-
Program Year 2023	**$ 6,930**	**$ -**	**0%**	**0**	**0**	**-**	**0**	**0**	**-**	**0**	**1,662**	**-**

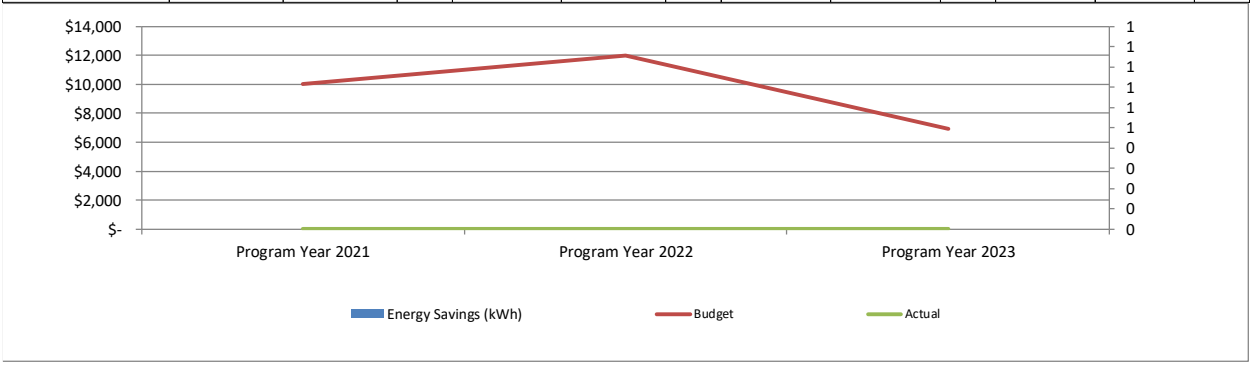

Figure 20– Online Audit Tool Trends

2.4.1.4 Description of Participants

A Participant is any SWEPCO Arkansas residential customer with an online account, which is where the online audit tool can be accessed.

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2.4.1.5 Challenges & Opportunities

Challenges

- Data issues, such as invalid customer emails, can impact the timing and relevance of the outbound communications during the tool's operation. SWEPCO is continuing to learn best practices in the deployment of additional enhancements, i.e., various widgets and linkage to EE program information.

Opportunities

- SWEPCO is ramping up its marketing efforts to drive more customers to the new online audit tool. Based on the outcome of the new, more comprehensive completed Home Energy Analysis, links to applicable energy efficiency program information will be provided to those customers completing an analysis.

2.4.1.6 Planned or Proposed Changes to Pathway & Budget

This pathway is now housed completely with AEP and is no longer a component of SWEPCO's portfolio. However, SWEPCO will continue to utilize the Home Energy Analysis as a way to direct customers to its energy efficiency programs.

2.4.2 Electric Vehicle Equipment (EVE) Education Pathway

2.4.2.1 Pathway Description

The Electric Vehicle Equipment Pathway (EVE) is a progressive educational opportunity created to help customers understand electric vehicles and the variations in charging infrastructure and impacts to the electric grid. The EVE Pathway, which was piloted in PY2020, is part of the Educational Solutions Program. It is designed to provide Arkansas customers with information, education, and other useful materials that encourage the early adoption of electric vehicles. This is promoted through integrated marketing activities such as SWEPCO's website, social media, trade shows, direct email, print and radio advertising, and collateral materials. The EVE Pathway can be accessed through SWEPCO's website under "SWEPCO.com/drive". The website assists customers with

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materials that cover the environmental impacts of EV ownership, information about types of EV charging, and where to find public chargers.

SWEPCO provides the customer with valuable knowledge including, but not limited to:

- EV Environmental Impact
- Electrification and Installation
- Batteries and Charging
- EV Calculator
- Charging Locations
- Plug Star Vehicle Comparisons
- Manufacturer Incentives and Federal Tax Credits

2.4.2.2 Pathway Highlights

- The EVE Pathway continues to enhance the outreach efforts of electrification, specifically in the promotion EV Charging infrastructure and early adoption.
- The second in-person Northwest Arkansas National Drive Electric Week was held on September 30th.
- SWEPCO Arkansas continued offering incentives of $250 for qualifying Level 2 ENERGY STAR single-family chargers for residential customers and $500 for small business or commercial customers through HSP and BSP, respectively. These Level 2 chargers must be 16-80 Amps and operate on 240V split-phase power (208V three-phase power supply is also acceptable).
- Dispersed educational materials and promotional handouts to internal employees as well as SWEPCO Arkansas Customers.
- During PY2023, the SWEPCO.com/Drive URL received a total of 768 page views and 583 unique page views.

2.4.2.3 Pathway Budget, Savings and Participants

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Since the EVE Pathway is part of the Educational Solutions Programs with an educational focus, there were no associated energy savings. The PY2023 budget was $12,000.

Electric Vehicle (EVE)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2021	$ 14,000	$ 13,176	94%	0	0	-	0	0	-	0	0	-
Program Year 2022	$ 12,000	$ 11,286	94%	0	0	-	0	0	-	0	0	-
Program Year 2023	**$ 17,070**	**$ 9,987**	**59%**	**0**	**0**	**-**	**0**	**0**	**-**	**0**	**n/a**	**-**

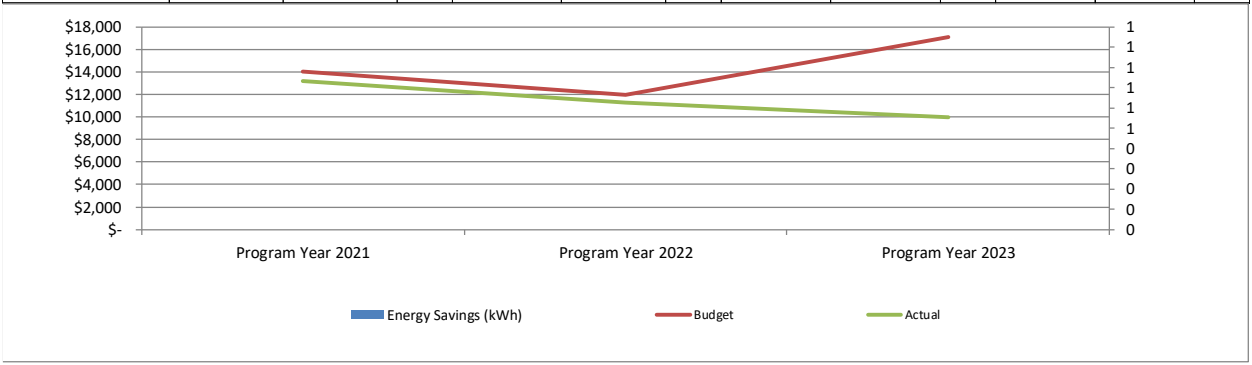

FIGURE 21 - ELECTRIC VEHICLE EDUCATION TRENDS

2.4.2.4 Description of Participants

For EVE, there is no participation goal, but any SWEPCO Arkansas customer can be considered a participant.

2.4.2.5 Challenges & Opportunities

<u>Challenges</u>

- Misinformation and confusion around EV support infrastructure and industry standard terminology
- The lack of EV charging infrastructure nationwide has led to range anxiety for potential EV customers.

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Opportunities

- Increased awareness and new legislations at the local, State, and Federal levels that support the developments and adoption of electric vehicles. This has led to partnerships and nationwide collaborations with various working groups, utilities, and statewide municipalities to bring about EV adoption and the enhancement of EV charging infrastructure throughout SWEPCO's service territory and other regions throughout the country.

- The continuous development and deployment of NEVI federal funding programs, as well as federal tax credits for all-electric, plug-in hybrid, and fuel cell electric vehicles purchased. Other opportunities include funding from the Inflation Reduction Act (IRA), though the specifics have not yet been released.

- Partnerships and support for organizations like Arkansas Clean Cities Coalition, AAEA, the NWA Planning Commission, and Electrify America plan to alleviate range anxiety and correctly educate potential customers of the benefits of electric vehicles and their equipment usage. SWEPCO has joined efforts to support the nation's energy and economic security by building partnerships to improve transportation energy efficiency and advance affordable domestic transportation. Through these partnerships, SWEPCO will promote alternative fuels and reduce emissions by supporting legislation encouraging the use of alternative fuels, advanced technology vehicles, and other fuel efficiency strategies that bring about electrification.

2.4.2.6 Planned or Proposed Changes to Pathway & Budget

SWEPCO's EVE pathway will be absorbed by other pathways and will not have an allotted budget.

- SWEPCO Arkansas will continue offering incentives of $250 for qualifying Level 2 ENERGY STAR single-family chargers for residential customers and $250 for small business or commercial customers. These Level 2 chargers must be 16-80 Amps and operate on 240V split-phase power (208V three-phase power supply is also acceptable).

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3.0 Supplemental Requirements

3.1 Staffing

SWEPCO's internal program staffing as well as its implementation team staffing has remained relatively stable since PY2011. In PY2018, SWEPCO added a new Consumer Programs Marketing Coordinator role to support its Energy Efficiency department. During PY2019 Q4, a new EE Coordinator position was added and filled while the administrative assistant's position was upgraded to an EE Coordinator. This fourth EE Coordinator was filled in January 2020, increasing the SWEPCO internal team to five plus the shared Consumer Programs Marketing Coordinator. No changes were made during PY2023.

The Company's implementation contractor had a few personnel changes in PY2023. A couple of personnel changes and two additional positions were added. In Q2 the Commercial Program Manager and Commercial Program Specialist roles were vacated and later filled. A Commercial Program Coordinator and a Residential Field Specialist were added to the team during Q3.

The implementation team continued to enhance economies of scale by utilizing corporate subject matter experts when needed, plus sharing of resources, resulting in cross promotion and QA/QC of inter-fuel projects in both the residential and commercial programs.

The following is an organizational chart for SWEPCO for PY2023:

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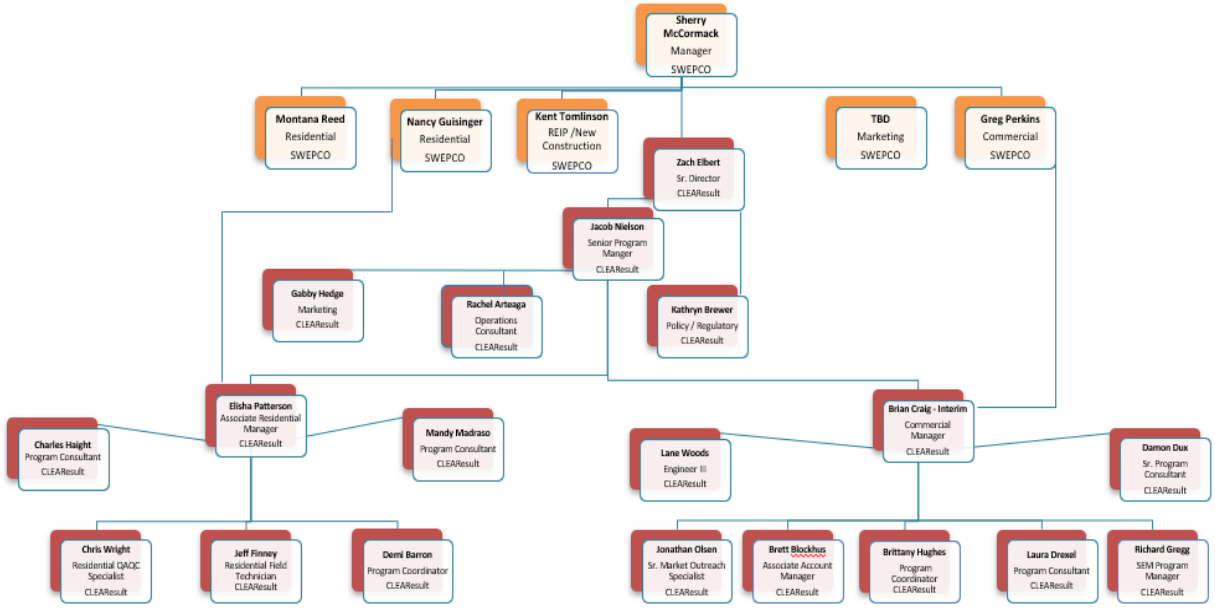

SWEPCO's Arkansas Energy Efficiency Program Team

3.2 Stakeholder Activities

SWEPCO's EE team, including its program implementation and evaluation team members, was again very active with the Parties Working Collaboratively (PWC). The following information was provided by the IEM at the request of the PWC members.

The PWC held 14 meetings in PY2023 – two in person on March 16, 2023 and the Technical Forum on August 9, 2023, and 12 virtual. All meetings were open to all PWC members and interested parties. Meeting minutes are posted within five calendar days on the PWC's project dashboard.

Of the 12 virtual meetings held, six were for the Potential Study Working Group to discuss data requests and status, four addressed updates to the Technical Reference Manual (TRM) which had been suggested by the utilities, evaluators, IEM team and other interested parties, and two were for the Act 1102 Working Group to review reporting and

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tracking of current and proposed metrics, as suggested by utilities, evaluators, IEM team and other interested parties.

In addition to the Stakeholder Activities involving the PWC, the SWEPCO Implementation Staff continued to participate in various activities regarding the EM&V of its EE portfolio. Some examples are as follows:

- Participated in bi-weekly/monthly conference calls with the Company's evaluation contractor, ADM, for the purpose of discussing and finalizing the PY2022 evaluation report on schedule
- Worked with ADM to complete the PY2023 evaluation plans and work through the various issues associated with numerous custom M&V projects

Contractor kick-off meetings and Community Ally meetings were held in person in PY2023. BPI Building Analyst – Technician and BPI Building Analyst Professional trainings were held virtually, with Field training and testing held in person. More detailed information regarding the various outreach and training activities hosted by SWEPCO and its implementation team as well as the teams' PY2023 trainings can be found in the Training section of the Company's SARP Workbook.