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SOUTHWESTERN ELECTRIC POWER COMPANY℠

An AEP Company

Southwestern Electric Power Company

Arkansas Energy Efficiency Program Portfolio Annual Report

Docket No. 07-082-TF

May 1, 2025

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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, the 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 – 2023

- March 15, 2011, SWEPCO filed a revised CEEP for the second half of PY2011 and 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 the PY2016 budget and changes to the portfolio, which included the 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.

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

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Table 1 summarizes the energy savings goal and achievement for PY2011 – PY2023 and the energy savings goals associated with SWEPCO's approved CEEP, incorporating the retail sales adjustments for those customers approved to Self-Direct (SD) in PY2012 – PY2023. 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 – PY2023.

Table 1 – Net Evaluated Energy Savings PY2011 - PY2023

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

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2019	1.00	28,688 MWh	35,952 MWh	125%	2.58	May 1, 2020
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
2023	1.20	34,506 MWh	38,667 MWh	112%	2.40	May 1, 2024

The Company's net evaluated energy savings attributed to its PY2011 – PY2023 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 PY2016.

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 – PY2023 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.

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1.2 Program Year 2024 Results

1.2.1 Major Accomplishments

In PY2024, SWEPCO offered the Business/Industrial Solutions Program (BSP), the Home Solutions Program (HSP), and the Demand Response Program (DRP) 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 included the following four pathways: Commercial and Industrial Energy Efficiency Pathway (CIEEP), Small Business Pathway (SBP), New Construction Pathway (NCP), and Strategic Energy Management Pathway (SEMP). The HSP included the following four pathways: Home Weatherization Pathway (HWP), Income Qualified Weatherization Pathway (IQW), Residential Energy Improvement Pathway (REIP), and the Efficient Products Pathway (EPP). The DRP included the following two pathways: the Load Management Pathway (LMP) and the Bring-Your-Own Thermostat Pathway (BYOTP).

SWEPCO achieved 109% of its filed net energy savings goal of 37,654,279 kWh with 41,068,552 kWh in net evaluated energy savings and 17,323.38 kW in net evaluated demand savings, which was 81% of its planned net demand reduction goal of 21,442.00 kW[3] for PY2024. Activities for the year resulted in SWEPCO attaining 123% of the Commission's target of 1.2% of 2022 sales adjusted for the program year sales of the self-direct customers. The Company earned a Performance Incentive of $667,654 for energy savings achievements. This incentive is equivalent to 4.8% of its approved PY2024 budget of $13,903,310.[4] The portfolio was again cost-effective with a TRC benefit cost ratio of 1.39 and TRC net benefits of $6,676,536.[5] The Company's portfolio acquisition cost (i.e., cost per kWh) was $0.30 per kWh in PY2024. The first-year acquisition costs for each of SWEPCO's PY2024 programs are detailed in Section 2.5.2.2 of Appendix A, Table 2-19, page 47.

[3] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 32
[4] Direct Testimony of Steve M. Mutiso, Docket No. 07-082-TF, filed May 1, 2025, p. 14
[5] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-10, p. 33

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2024 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 (%)
17	41,069	$ 12,175,436	$ -	$ 667,654	$ 6,676,538	1.39	1.62	1.20%	1.48%	123%

Figure 1 – EE Portfolio Summary Update

The Company's net evaluated annualized kWh savings attributed to its PY2024 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 PY2024 was to exceed its prescribed energy savings goal by providing cost-effective and comprehensive energy efficiency programs that facilitate energy and peak demand reductions in all customer classes and market segments. In the residential sector, the Company sought to grow the "Consistent Approach for Weatherization," a/k/a Home Weatherization Pathway (HWP), 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 (IQW) to align with Act 1102. SWEPCO sought to maintain momentum in its Efficient Products Pathway (EPP) and 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 and Industrial Energy Efficiency Pathway (CIEEP). The Company expanded its Demand Response Program, which includes the Load Management Pathway (LMP) for C & I customers with a minimum peak electric demand of 50 kW and the Bring-Your-Own Thermostat Pathway (BYOTP) for residential and small business customers with a peak demand below 100 kW.

The Company set the following specific goals to achieve these objectives in PY2024:

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Home Solutions Program

- 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 PY2024 performance of the Company's HWP 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
- Increase participation in the Income Qualified Weatherization Pathway for qualified customers
- 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 provider that overlaps SWEPCO's northwest Arkansas service territory

Business and 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 the Strategic Energy Management Pathway (SEMP)

[6] Program was reinstated in the later part of PY2023 after the submission period ended.

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Demand Response Program

- Continue to keep LMP customers informed of other SWEPCO energy efficiency programs
- Initiate a demand response pathway for residential and small business customers through BYOTP

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

SWEPCO met the vast majority of the portfolio goals and objectives stated above. These achievements are more thoroughly described in the 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 were 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 PY2024

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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

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)
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%
2024	$ 368,846	$ 13,903	3.8%	$ 12,175	3.3%	3,521,026	37,654	1.07%	41,069	1.17%

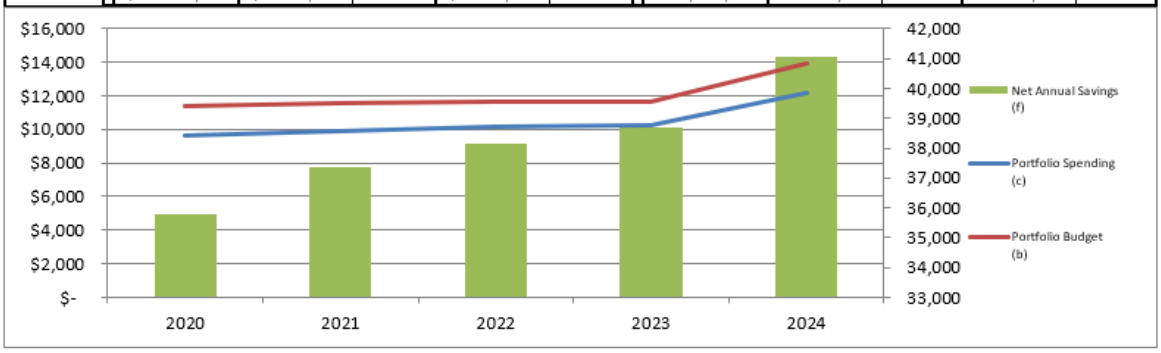

Figure 2 – SWEPCO Statistics

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(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 $13,903,310. Approximately 46% of the dollars being expended were for customer and trade ally incentives.

EE Portfolio Expenditures by Program

Program Name	Target Sector	Program Type	2024 Budget ($)	2024 Actual ($)	% of Budget
Discont'd Onlne Audt(OLA)	Residential	Behavior/Education	-	-	-
Discont'd R ES Appliance	Residential	Consumer Product Rebate	-	-	-
Discont'd Res Appliance	Residential	Consumer Product Rebate	-	-	-
Discont'd Res Solutions	Residential	Prescriptive/Standard Offer	-	-	-
Efficient Products (EPP)	Residential	Consumer Product Rebate	729,211	723,092	99%
Home Weatheriztion (HWP)	Residential	Whole Home	3,026,926	2,102,565	69%
Income Qualified (IQW)	Residential	Whole Home	896,616	881,993	98%
Res Energy Imprv (REIP)	Residential	Prescriptive/Standard Offer	2,220,490	2,085,123	94%
Bring Y/OTstat (BYOT)	Res/Small Business	Demand Response	413,577	180,135	44%
Discont'd Ele Veh (EVE)	Res/Small Business	Measure/Technology Focus	-	-	-
Strat Energy Mgmt (SEM)	Res/Small Business	Behavior/Education	491,812	510,180	104%
Comm & Industrial (CIEEP)	Commercial & Industrial	Other	3,098,985	3,096,961	100%
Discont'd Comm Solutions	Commercial & Industrial	Other	-	-	-
Load Mgt (LMP)	Commercial & Industrial	Demand Response	840,020	472,989	56%
New Construction (NCP)	Res/C&I	Prescriptive/Standard Offer	310,240	303,533	98%
Small Business (SBP)	Small Business/C&I	Prescriptive/Standard Offer	1,758,433	1,728,280	98%
Discont'd ARWX (AWIP)	Residential	Whole Home	-	-	-
Discont'd EE AR (EEA)	All Classes	Behavior/Education	-	(6,422)	-
Regulatory	-	-	117,000	97,007	83%
		Total	**13,903,310**	**12,175,436**	**88%**

Figure 3 – EE Portfolio Expenditures by Program

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EE Portfolio Expenditure Summary by Cost Type				
	2024 Total Expenditures			
Cost Type	% of Total	Budget ($)	Actual ($)	% of Total
Planning / Design	1%	154,891	115,543	1%
Marketing & Delivery	32%	4,455,996	4,853,166	40%
Incentives / Direct Install Costs	54%	7,524,765	6,351,129	52%
EM&V	3%	463,200	400,971	3%
Administration	9%	1,187,458	357,620	3%
Regulatory	1%	117,000	97,007	1%
	100%	**13,903,310**	**12,175,436**	100%

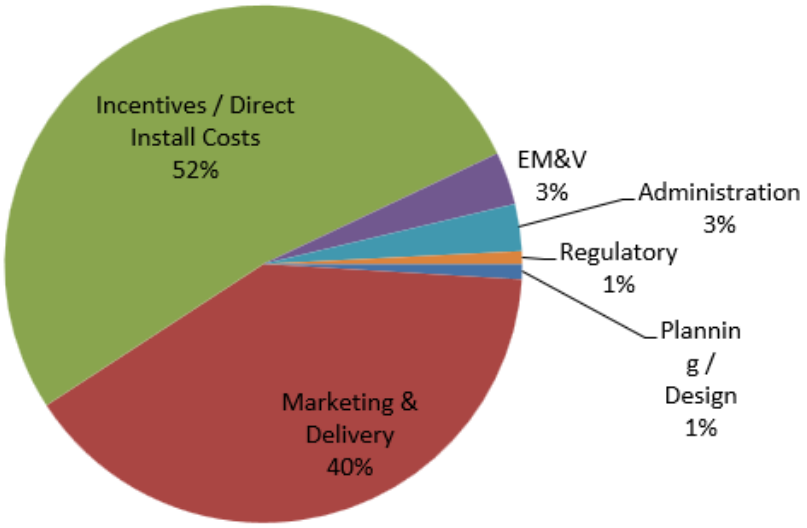

Figure 4 – EE Portfolio Expenditure Summary by Cost Type

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 109% of its planned net energy savings goals. The SEMP achieved 8,555,881 kWh in net energy savings, or 195% of its planned net energy savings goal, while the

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CIEEP achieved 10,710,161 kWh in net evaluated savings, or 91%[7] of its planned net energy savings goal. The SBP achieved 4,765,274 kWh in net energy savings, or 79% of its planned net energy savings goal.[8] The majority of the net evaluated energy savings in both CIEEP and SBP were attributed to lighting measures. Approximately 73.7% of the SBP's net kWh savings and 53.7% of CIEEP's net kWh savings resulted from lighting measures.

The Company's EPP achieved 3,578,685 kWh net energy savings, or 276% of its planned net energy savings goal.[9] Air purifiers, smart thermostats, heat pump water heaters, clothes washers, and pool pumps make up the top 5 measures. The 4-pack LED bulb offerings distributed through area food banks and food pantries further increased the pathway's success.

The Company's REIP achieved 7,918,988 kWh net energy savings or 138% 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 continued an Income Qualified Weatherization Pathway (IQW) to align with ACT 1102 and resulting APSC orders. The pathway achieved 1,006,861 kWh in net evaluated savings, or 94% of its planned net energy savings goal.

1.2.6 What's Working and What's Not

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.

[7] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 32
[8] Ibid.
[9] Ibid.

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Interest in SWEPCO's Consistent Weatherization Approach (CWA), a/k/a HWP, was lower than in previous years, possibly due to market saturation. The pathway achieved 61% of its net savings goal for PY2024, with a total of 4,042,064 kWh net energy savings.

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, on May 1, 2025, www.swepco.com became available in Spanish and SWEPCO is hopeful that this will increase SWEPCO's ability to engage more Spanish-speaking customers about the EE programs that are available.

1.2.7 Planned Changes to Programs or Budgets

During PY2025, 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 shift funds only from pathways that are not expected to reach the goal or to require the full amount of the approved budget.

Business/Industrial Solutions Program

The approved CIEEP incentive budget for PY2025 will be $1,500,740, with a gross energy savings goal of 11,088,429 kWh. The PY2025 incentive budget for the SBP will be $796,983, with a 6,379,566 kWh gross energy savings goal for PY2025. The SEMP will have an incentive budget of $207,006, with a gross energy savings goal of 5,850,291 kWh for PY2025. The NCP will have an incentive budget of $279,279, with a gross energy savings goal of 902,234 kWh.

Home Solutions Program

The HWP will continue to serve as the Company's pathway for the CWA in PY2025 and will have an incentive budget of $2,348,401 with a gross energy savings goal of 7,154,459 kWh. The REIP incentive budget will be $1,218,795, with a gross energy savings goal of 7,386,882 kWh. SWEPCO's EPP will have an incentive budget of $299,718 and a gross energy savings goal of 1,522,489 kWh. The IQW incentive budget will be $215,845, with a gross energy savings goal of 1,535,745 kWh for PY2025.

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Demand Response Program

SWEPCO will be adding a Demand Response (DR) program consisting of two pathways, the Load Management Pathway (LMP) and the Bring-Your-Own Thermostat Pathway (BYOTP). The LMP will have an incentive budget of $485,000, with a gross demand reduction goal of 16,250 kW. The BYOTP will have an incentive budget of $160,675, with a gross demand reduction goal of 4,364 kW.

1.2.8 Estimation of EE Resource Potential

The first statewide EE Potential Study 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, along with an extended time frame to consider potential savings through 2032. 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 Analyst training, home performance best practices, residential and commercial CoolSaver HVAC tune-ups, an introduction to SEMP, and other SEMP workshops.
- Members of the Implementation Staff participated in training opportunities, which included the Building Performance Association National Home Performance

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Conference and the Association of Energy Engineers (AEE)

- SWEPCO staff attended training throughout the year to gain increased knowledge regarding the marketing of energy efficiency and improvements in technology. Examples of training attended include Association of Energy Services Professionals (AESP) conferences and webinars, Energy OutWest Conference, the ENERGY STAR Products Partners Meeting, CLEAResult Energy Forum, and the 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 PY2024.

2.0 Portfolio Programs

2.1 Business/Industrial Solutions Program

In PY2024, 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 and Industrial Energy Efficiency Pathway (CIEEP)
- Small Business Pathway (SBP)
- Strategic Energy Management Pathway (SEMP)
- New Construction Pathway (NCP)

Program Highlights

- 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

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seamless transition to further EE pathway information

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- 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

- Launched the New Construction Pathway (NCP) in 2024, promoting the installation of energy-efficient technologies for new construction in the small business (SBP) sector and for SWEPCO's New Homes Program for single-family residences. The NCP completed 52 projects in the PY2024: 22 for the New Homes Program and 30 for small commercial projects for a net energy savings of 410,315 kWh.[10]

- The BSP marketing materials provided information on the program pathways, including a new Midstream and Food Service flyer, as well as three new SEMP 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 the Strategic Energy Management Pathway (SEMP), with nine customers actively participating in PY2024, all of which were able to demonstrate energy savings by the end of PY2024.

- The most significant HIM in PY2024 for the BSP was SEMP, followed by lighting, LED fixtures, and HVAC tune-ups.[11]

- 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, determine SWEPCO incentive amounts, and submit projects electronically

[10] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 33
[11] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, p. 31

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- Educational and communications efforts with trade allies were enhanced, including:
  - Created and distributed reference documents to supplement virtual training on incentive application processes
  - Scheduled recurring check-ins with high-volume trade allies
- Recruited four new CoolSaver contractors and three new Small Business Pathway contractors.
- There was a significant increase in SEMP participation, with net kWh savings increasing from 6,551,344 in PY2023 to 8,555,881 in PY2024, attaining 195% of its 4,385,936 planned goal[12]
- The number of participating trade allies in SBP grew from 22 in PY2023 to 29 in PY2024, and the average number of projects completed per trade ally increased from 6.55 to 8.72. This higher participation and project completion rate contributed to an increase in average trade ally ex ante savings from 125,585 kWh in PY2023 to 145,861 kWh in PY2024.[13]
- 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:[14]
  - *"I like that this program helps you save money."*
  - *"We got the equipment for free, and it will help us save energy, it was a very good deal!"*
  - *"We've been working with you folks for over 20 years, and everything is always great."*
  - *"We work with these programs a lot and we really appreciate them."*

[12] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 4-13 and 4-14, p. 98
[13] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, p. 37
[14] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, p. 131

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Program Challenges and Opportunities

Challenges

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

Opportunities

- With the noted market uncertainties listed above, the BSP plans to increase its outreach for the Core SEMP component to help reach smaller, harder-to-reach customers that have a limited history of completing incentivized projects.
- The commercial smart thermostat and CoolSaver HVAC tune-up measures are expected to continue to provide additional customer service and energy savings.

2.1.1 Commercial and 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 the replacement of existing installations of lower efficiency electric end-uses. In addition to the retrofit market, this pathway also applies to new construction or expansions. The primary EE measures targeted include, but are not limited to, lighting, HVAC equipment,

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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 PY2024, the CIEEP achieved 91% of the planned net energy savings goal and 108% of the planned net demand savings goal.[15]
- Net kWh savings increased from PY2023 to PY2024 from lighting retrofit projects, from 26.1% to 30.0%, while commercial smart thermostats increased marginally from 2.7% to 2.9% net kWh savings.
- The contribution in new construction lighting net kWh savings increased from 6.9% in PY2023 to 21.2% in PY2024, which highlights the expanded outreach efforts associated with the change in program design with the New Construction Pathway.
- CoolSaver HVAC tune-ups accounted for 19.2% of net kWh savings for CIEEP in PY2024, up from 3% in PY2023. This offering is expected to maintain this level of net savings contribution, as targeted outreach, customer awareness, and trade ally interest in participating grows.
- Refrigerator and freezer door gaskets and strip curtain net kWh savings were largely the same, from 1,102,122 kWh in PY2023 to 1,125,465 kWh in PY2024, due to sustained contractor participation and effort.
- Due to strong customer and trade ally demand for the pathway, marketing efforts were maintained but not expanded in PY2024. Beyond direct customer and contractor outreach, some of the more notable events included:

[15] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 4-11, p. 97

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- Promoted the CIEEP at local and regional venues, including:
  - Individual customer outreach and education
  - One Community Ally Event
  - Cross-promotion during SEMP workshops
  - Two internal SWEPCO training events, including customer service and engineering
  - Three local supply house lunch and learns
  - Two HVAC lunch and learns
  - Northwest Arkansas ASHRAE Chapter member meetings

- Pathway staff continued to enhance their energy efficiency knowledge through trainings offered by the Arkansas Manufacturing Solutions, Energy Efficiency Arkansas, the Arkansas Association of Energy Engineers, and the Association of Energy Service Professionals. Trainings included:
  - Association of Energy Services Professionals National Conference
  - Business Energy Professional certification (Association of Energy Engineers)
  - Continuing Education opportunities (webinars, Energy Forum, University of Arkansas - Finance Principals Applied to Energy Projects)
- Continued cross-promotion of CIEEP and LMP 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.

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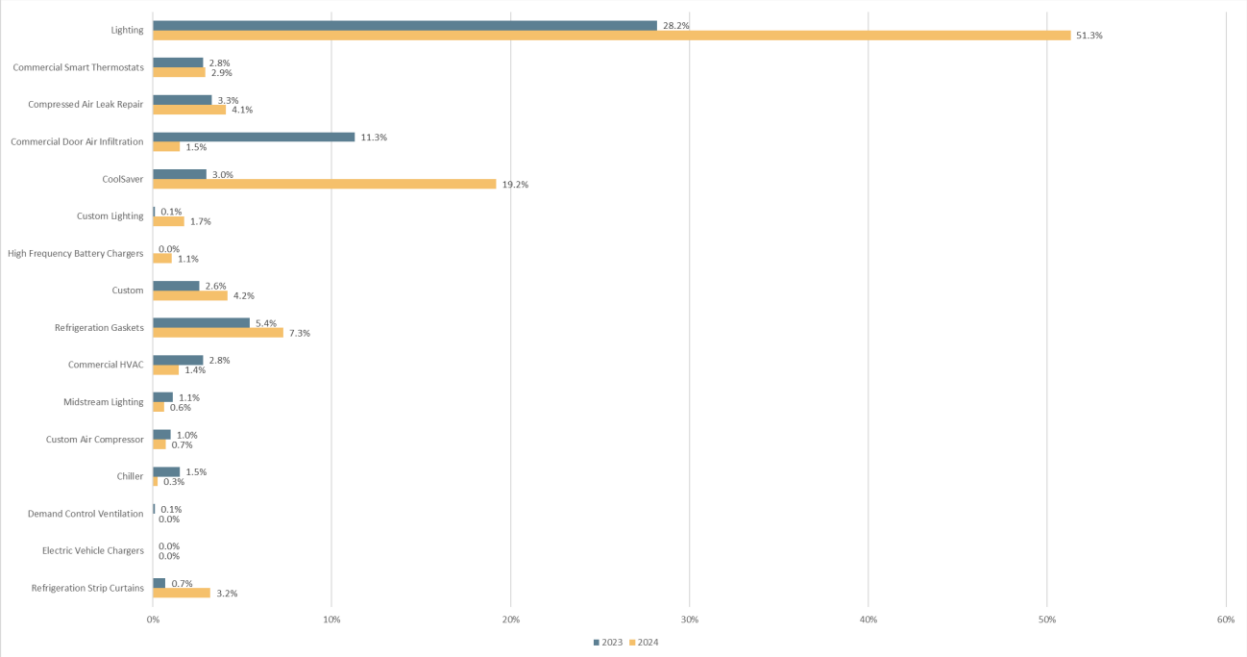

Figure 5 4 – PY2023-PY2024 Net kWh Savings Achieved by Measure

Figure 5 highlights pathway comprehensiveness through multiple energy efficiency measures.

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2.1.1.3 Pathway Budget, Savings, and Participants

Comm & Industrial (CIEEP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
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%
Program Year 2024	**$ 3,098,985**	**$ 3,096,961**	**100%**	**11,730,533**	**10,710,161**	**91%**	**2,642**	**2,718**	**103%**	**436**	**368**	**84%**

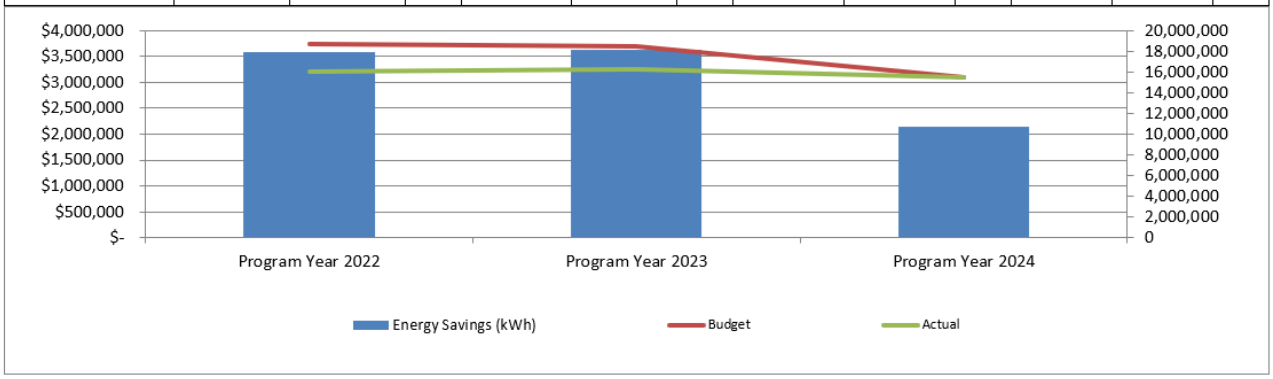

Figure 6 – Commercial and Industrial Energy Efficiency Pathway Trends

2.1.1.4 Description of Participants

For 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 and 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 PY2024 in diversifying the types of completed measures.
- Certain financial effects continue to impact the CIEEP adversely, with capital improvements reduced due to supply chain issues and the aftereffects of transitory inflation.

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- New federal HVAC baseline efficiency standards (EER2, SEER2, HSPF2) have created challenges for contractors in determining program eligibility for new equipment.

Opportunities

- CoolSaver HVAC tune-up contributions to the CIEEP increased from PY2023 to PY2024, from 551,249 to 2,055,855 net kWh savings. Continued program growth and participation are expected in PY2025.
- Midstream lighting contributions to the CIEEP decreased from PY2023 to PY2024, going from 202,262 to 67,316 net kWh savings, with increases expected in PY2025.
- Program staff will continue to educate and transform markets from the design stage to influence decisions to implement only qualified lighting fixtures, which will limit the amount of projects that get disqualified due to non-Design Lights Consortium and non-ENERGY STAR qualified fixtures.
- All lighting categories combined comprised 51.3% of the pathway's net kWh. This increase from PY2023 is due to continued outreach to customers, contractors, developers, and Architectural and Engineering (A&E) firms, and specifically the focus on new construction opportunities brought on from the addition of the New Construction Pathway, which will continue to facilitate capturing projects in sectors associated with the CIEEP.
- As a result of continued outreach, the implementation team completed several large facility energy audits in PY2024, including SEMP energy audits and subsequent customer education on improvement opportunities, and will continue to do so in PY2025.
- Customers continued to show interest in compressed air leak repair projects throughout PY2024, with additional projects expected to be completed in PY2025.
- 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 A&E firms.

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- The Project Portal continues to allow trade allies to use a streamlined digital process to calculate incentives and submit project applications.

2.1.1.6 Planned or Proposed Changes to Pathway and Budget

- Team members will focus on recruiting a diverse group of participating contractors and A&E firms throughout the year, beginning with joint CIEEP and Small Business Commercial Contractor Kickoff events in January 2025.
- SWEPCO's CIEEP incentive budget for PY2025 will be $1,500,740, with a gross energy savings goal of 11,088,429 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

- There was an increase in the SBP's planned net energy savings goal and planned net demand savings goal from PY2023 to PY2024. In PY2023, the SBP achieved 55% of the planned net energy savings goal and 56% of the planned

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net demand savings goal. In PY2024, the SBP achieved 79% of the planned net energy savings goal and 71% of the planned net demand savings goal.[16]

- Pathway staff continued to focus on geographic regions with historically lower participation rates and the diversification of measures contributing to pathway savings. SBP projects were completed in 26 cities throughout SWEPCO's service territory.
- Implemented new measures into programs for recycling Packaged Terminal Air Conditioners with electric resistance heating being used in the service territory. The synergy that exists between recycling these units and replacing the old units with heat pumps (including mini-splits, unitary systems, but most likely Packaged Terminal Heat Pumps) is expected to account for significant contributions to the net savings for PY2025.
- Maintained an online Field Tool and 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 605 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 PY2024 and 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 one Community Ally Event, which led to increased engagement with local communities, two HVAC Lunch and Learns, and other small business-focused events

[16] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 4-15, p. 100

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- The contribution in net kWh savings of lighting retrofit projects to SBP (including midstream projects) decreased from 78% in PY2023 to 73.7% in PY2024. Additional contributions were made by commercial door infiltration, commercial smart thermostats, CoolSaver HVAC tune-ups, gaskets, and strip curtains.
- CoolSaver program contribution to net kWh savings increased significantly, from 2.7% in PY2023 to 7% in PY2024. The growth in this offering due to targeted outreach and increased trade ally participation is expected to continue in PY2025.

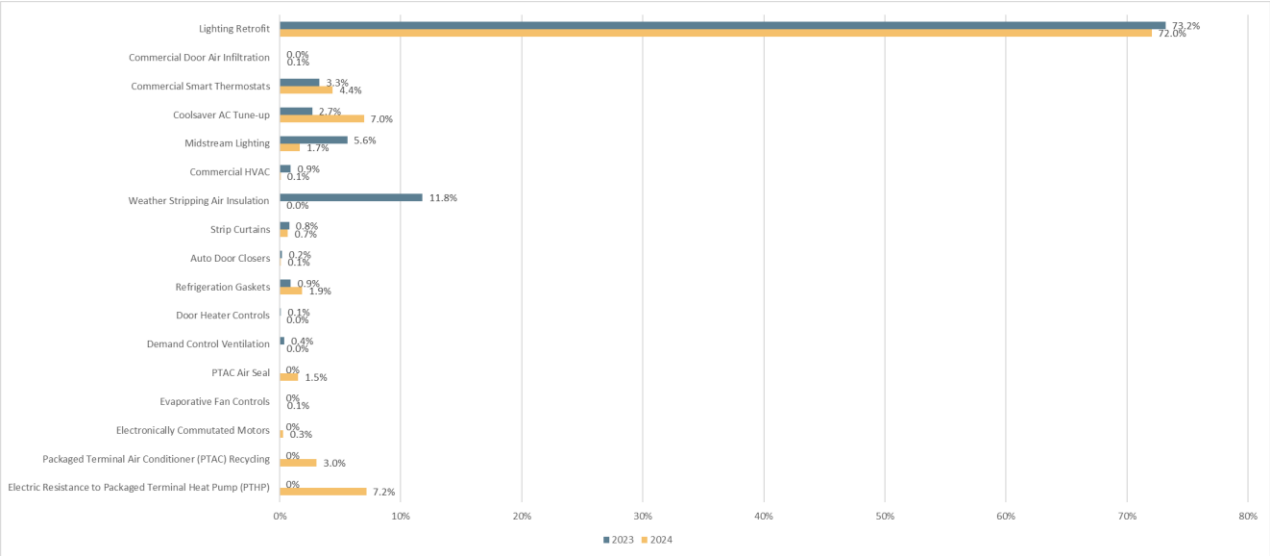

Figure 7 – PY2023- PY2024 Net kWh Savings Achieved by Measure

Figure 7 highlights pathway comprehensiveness through multiple energy efficiency measures.

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2.1.2.3 Pathway Budget, Savings, and Participants

Small Business (SBP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
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%
Program Year 2024	**$ 1,758,433**	**$ 1,728,280**	**98%**	**6,060,578**	**4,765,274**	**79%**	**1,489**	**988**	**66%**	**668**	**398**	**60%**

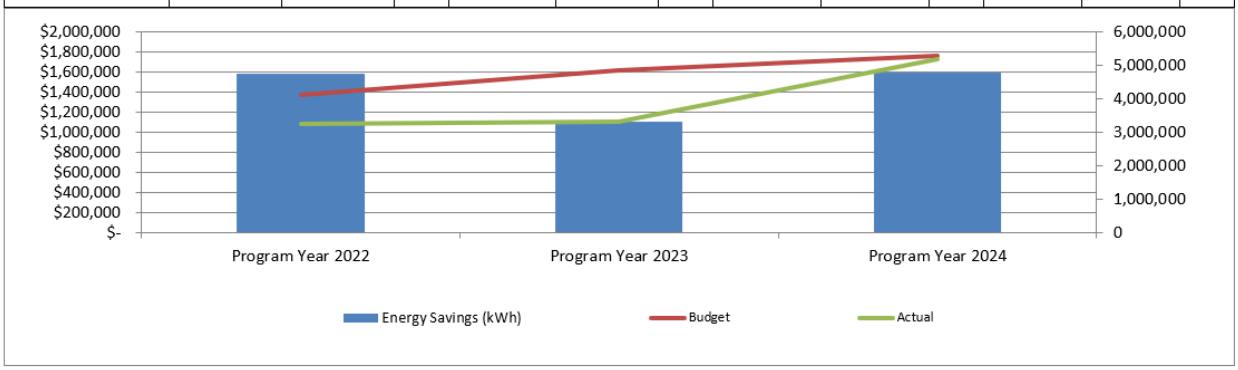

Figure 8 – Small Business Pathway Trends

2.1.2.4 Description of Participants

SWEPCO considers each SBP project to be a participant.

2.1.2.5 Challenges and Opportunities

<u>Challenges</u>

- In PY2024, despite SBP increasing net kWh and kW savings from PY2023, supply chain issues, inflation, and staff transitions continued to have negative impacts on contractor activity throughout the year.
- The pathway experienced an increase in the number of projects from PY2023 to PY2024 prompted by SWEPCO launching seasonal Sales Performance Incentive Funds (SPIFs) for qualifying Small Business lighting projects in Q3 to accelerate the completion and submission of eligible projects before year-end. SWEPCO also increased the project incentive cap up to 100% of the project cost. Because of the increase in the number of projects, the average energy savings

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on a per project basis is decreasing, which will require strategizing to continue at the current pace.

- Most trade allies have a business model that 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. As relationships built with trade allies develop and their businesses grow, the program will have opportunities to influence broadening their offerings to customers.
- Midstream lighting contributions to the SBP decreased from PY2023 to PY2024. This decrease from 185,009 to 79,122 net kWh savings is attributed to vendors facing staffing challenges like other trade allies. Renewed engagement is planned to increase participation in PY2025.

<u>Opportunities</u>

- CoolSaver HVAC Tune-Up contributions to SBP increased from 89,179 net kWh savings in PY2023 to 332,663 in PY2024. Likewise, commercial smart thermostat contributions to SBP increased from 108,190 net kWh savings in PY2023 to 191,943 in PY2024. These increases were due to targeted outreach efforts driving more CoolSaver participation in small businesses, as well as growth of the contractor network.
- Commercial direct install measures, including weather stripping, strip curtains, and air sealing, savings decreased from 457,534 net kWh savings in PY2023 to 201,688 in PY2024, demonstrating the importance of the measure to the SBP pipeline. For PY2025, an enhanced focus on Direct Install measures will be supported by the local program team and contractors, as well as increased outreach efforts across the service territory.
- 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 drive customer and contractor engagement and outreach, especially for the recruitment of new construction, HVAC, and commercial food service contractors, as well as midstream vendors.

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2.1.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's SBP incentive budget for PY2025 will be $796,983, with a gross energy savings goal of 6,379,556 kWh.
- The SBP will remain a pathway within SWEPCO's Business/Industrial Solutions Program.

2.1.3 Strategic Energy Management Pathway

2.1.3.1 Pathway Description

The Strategic Energy Management Pathway (SEMP) is an energy efficiency pathway targeted to Arkansas commercial and industrial customers served by SWEPCO. Customers will be provided with assistance in identifying qualifying opportunities to save energy, quantifying energy and demand savings, and completing project applications as needed. Monetary incentives will be paid to eligible Participants for the implementation of a wide range of electric energy-saving SEMP opportunities at qualifying non-residential facilities. Participants in the SEMP must meet minimum eligibility criteria, comply with all pathway rules and procedures, and execute a project application with SWEPCO, as more fully described below. Eligible SEMP opportunities are typically no and low-cost behavioral and operational changes, such as instructing employees to turn off equipment at the end of the week that would otherwise idle throughout the weekend.

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2.1.3.2 Pathway Highlights

- In PY2024, the SEMP achieved 195% of the planned net energy savings goal and 269% of the planned net demand savings goal.[17]
- SWEPCO continued inter-utility collaboration with Black Hills Energy Arkansas (BHEA) with the offering of the SEMP to large commercial and industrial customers and recruiting new participants.
- Seven SEMP workshops, one in person, six virtual
- Provides customers the opportunity to further their participation in energy efficiency programs with low to no cost energy saving measures.

2.1.3.3 Pathway Budget, Savings, and Participation

Strat Energy Mgmt (SEM)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2022	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2023	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2024	**$ 491,812**	**$ 510,180**	**104%**	**4,385,936**	**8,555,881**	**195%**	**478**	**1,284**	**269%**	**36**	**9**	**25%**

Figure 9 – Strategic Energy Management Pathway Trends

[17] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 4-13, p. 98

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2.1.3.4 Description of Participants

A SEMP participant is defined as an organization that has agreed to participate in SEMP, including assigning an Energy Champion who meets regularly with the SEMP team and attempts to continually implement best practices for saving energy.

2.1.3.5 Challenges and Opportunities

Challenges

- Energy savings are often impacted by turnover of the energy champion, executive sponsor, or energy teams, which can result in lost knowledge and no or reduced SEMP savings for a period of time.
- Energy savings are often a function of a customer's business changes, for example, shift hours change from 24/5 to 24/6 or 24/7 or a loss of one or two days of energy savings from shutting down equipment on weekends.

Opportunities

- Focus on strengthening the energy team and making energy best practices standard across the organization, rather than being one employee's job.
- Turnover, while difficult in the short term, often results in new SEMP opportunities being discovered by adding new people to the energy team.

2.1.3.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's SEMP incentive budget for PY2025 will be $207,006, with a gross energy savings goal of 5,850,291 kWh.
- The SEMP will remain a pathway within SWEPCO's Business/Industrial Solutions Program.

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2.1.4 New Construction Pathway

2.1.4.1 Pathway Description

SWEPCO's New Construction Pathway (NCP) promotes the installation of energy-efficient technologies for new construction and remodeling in the small business (SBP) sector and for SWEPCO's New Homes Program for single-family residences. The NCP is designed to identify projects from inception through various channels to position SWEPCO to engage decision-makers and to influence the installation of incentivized energy-efficient measures for their projects.

For the SBP option, SWEPCO will target all eligible non-residential customers within its service territory with 100 kW or less in maximum billing demand. SWEPCO's targeted approach will reach out to business owners, architects, MEP engineers, property management companies, realtors, and planning departments and will also utilize local construction reports, such as Dodge Reports and Construct Connect, to generate leads.

For the SWEPCO New Homes Program, SWEPCO will target all eligible new residential construction within its service territory. Targeted customers will include, but not be limited to, small to medium-sized spec-home builders, individual homeowners building their residence, custom homebuilders, residential architects, local Homebuilder's Associations, and contractors.

The NCP will use a combined outreach effort to include but not limited to SWEPCO EE staff with its implementation team, along with SWEPCO's Energy Advisors, Customer Service Representatives, and Engineer field personnel. This combined effort will offer a targeted approach to include site-specific energy analysis based upon floorplans, financial incentives, marketing, and energy education. It maximizes installation of, but is not limited to, high-efficiency HVAC, lighting and lighting controls, heat pump water heating, cooking equipment, EV charging, ENERGY STAR smart thermostats and appliances, and custom measures.

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2.1.4.2 Pathway Highlights

- In PY2024, the NCP achieved 410,315 kWh net energy savings or 61% of the 674,219 kWh planned net energy savings goal[18] and 65.95 kW demand savings[19] or 58% of the 113 kW[20] planned net demand savings goal.
- Completed 52 projects for its first year as a stand-alone pathway, 22 New Homes Program and 30 small commercial projects, having a total incentive spend of $107,147.[21] Lighting measures represented 76% of pathway ex ante kWh savings, with 7% from ceiling insulation and 6% from central HP replacements. The remaining 11% of energy (kWh) savings came from commercial HVAC measures, dishwashers, refrigerators, smart thermostats, and water heaters.[22]
- Conducted 160 in-person and virtual meetings with architectural and engineering firms, builders, and developers to educate and inform on the pathway's incentives and process.
- Continued the relationship with builders that participated in the 2023 REIP New Homes Program to fold them into the NCP with success.
- Developed strong relationships with Specialized Real Estate Group, which is highly interested in the program for a significant volume of homes for PY2025.
- Managed the area's first ENERGY STAR 'pocket community' with the nine-home 11th Street Cottages in Fayetteville participating in the New Homes Program.
- Doubled-up on the 'hands-on' approach to enroll NCP customers with great success - "No participants reported challenges with participating in the program and all reported that they were very satisfied with the program overall."[23]

[18] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 32
[19] Ibid, Table 4-17, p. 100
[20] Ibid, Table 4-17, p. 100
[21] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 4-18, p. 101
[22] Ibid, p. 100
[23] Ibid, p. 39

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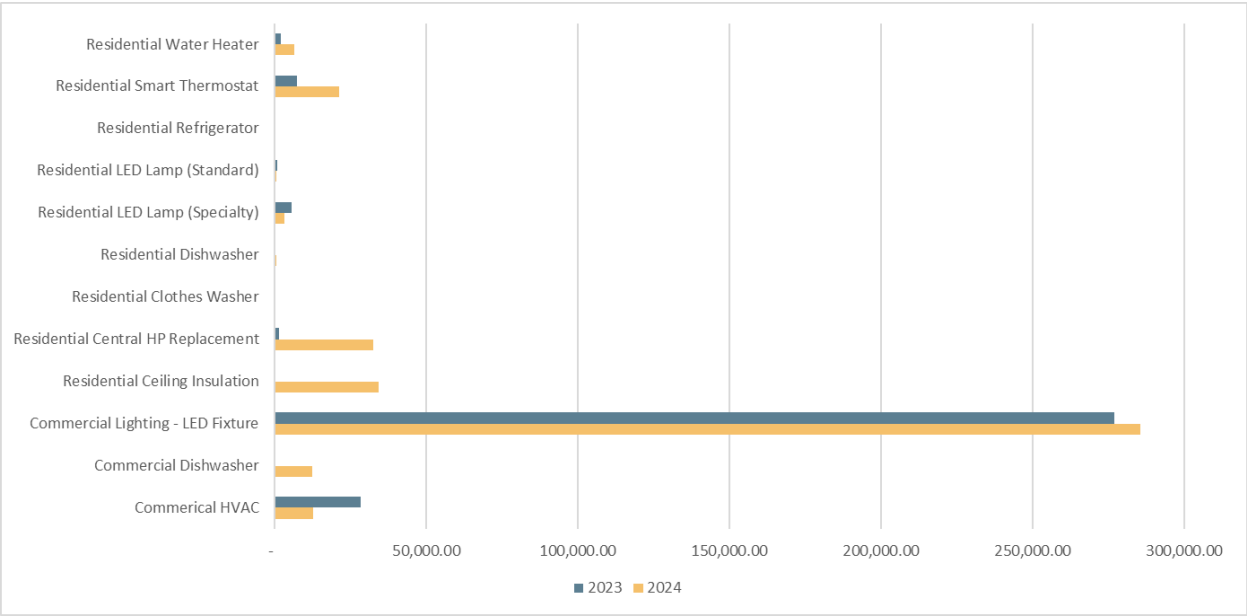

Figure 10 – PY2023-PY2024 Net kWh Savings Achieved by Measure

2.1.4.3 Pathway Budget, Savings, and Participants

New Construction (NCP)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
Program Year 2022	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2023	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2024	**$ 310,240**	**$ 303,533**	**98%**	**674,219**	**410,315**	**61%**	**140**	**66**	**47%**	**148**	**52**	**35%**

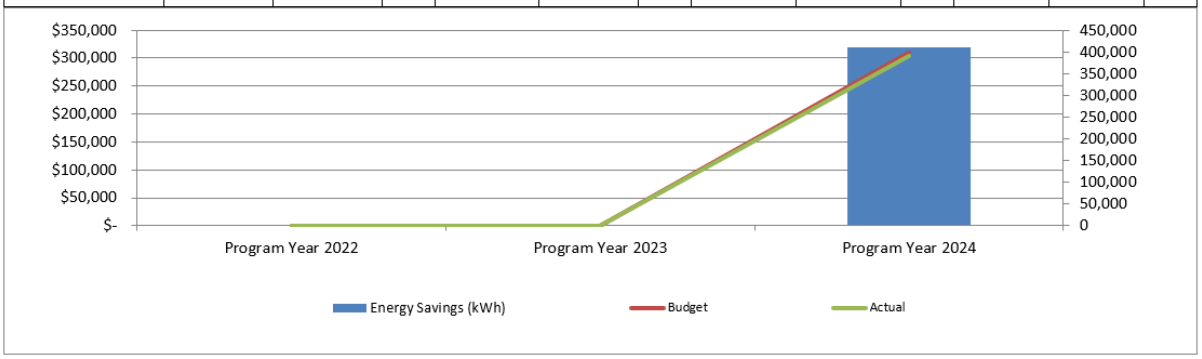

Figure 11 – New Construction Pathway Trends

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2.1.4.4 Description of Participants

For NCP, the participant count represents the number of incentivized projects.

2.1.4.5 Challenges and Opportunities

Challenges

- The geographic layout of the SWEPCO territory remains a major barrier, creating difficulties for the pathway to identify eligible projects or consistently spend much-needed outreach in specific service areas to promote the pathway.
- High initial costs and lack of awareness about available incentives are the most cited challenges in improving energy efficiency in commercial new construction projects.[24]
- Minimal technical knowledge among customers, architects, and contractors regarding incentivized measures and the process.
- Customer concern about equipment, performance, and pricing is a constant hurdle.
- Most projects are value-engineered to install only base models-minimum performance.
- Projects are too far along in the design or construction phase when discovered.
- It's a challenge of breaking the mold - "We've always done it this way".
- The prevalence of gas-fired appliances in New Homes reduces uptake by stakeholders.
- The NTG ratio was 71.2% for the NCP participants. The lower ratio may have been a function of the newness of the program, and as the program matures, it may be able to reach participants earlier in the design/build process.[25]

[24] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, p. 39
[25] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, p. 114

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- The new EPA standard for HVAC refrigeration requirements that started on January 1, 2025, is influencing the market with equipment availability and increased cost issues, causing many contractors to value engineer to more affordable, less-efficient systems.

Opportunities

- Free ridership for the NCP program is higher than for other programs, but opportunities exist to increase early engagement and program influence. Respondents primarily learned about the program during the design and construction phases, suggesting that earlier intervention could enhance program impact. Continued engagement with engineers and architects may help shift participation earlier in the process, potentially reducing free ridership.[26]
- Leveraging relationships within the local and regional construction market is starting to pay dividends, with many instances of contractor, architect, and developer overlap with similar projects.
- Developing high-value marketing collateral to promote the pathway is in the development stages – reference materials to be used in the architect and engineering offices.
- Direct networking with the realtor and banking communities has proven to be an effective channel of pathway promotion.

2.1.4.6 Planned or Proposed Changes to Pathway and Budget

- Design enhancements planned for PY2025 include increased market awareness through outreach with architects, both local and regional, developers, builders, realtors, contractors, and engineering firms.
- SWEPCO's NCP incentive budget for PY2025 will be $279,279, with a gross energy savings goal of 902,234 kWh.

[26] Ibid, p. 40

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

2.2 Home Solutions Program

In PY2024, 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 Weatherization Pathway
- Income Qualified Weatherization Pathway
- Residential Energy Improvement Pathway
- Efficient Products Pathway

Program Highlights

- Applied for a 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 PY2024 performance of the Company's HWP Pathway (previously HPwES)
- In-person outreach continued in PY2024 with home and trade shows and one Community Ally meeting. There were 438 residential outreach and training events held in PY2024.
- Continue to grow inter-fuel, inter-utility project coordination with Black Hills Energy Arkansas (BHEA) and Summit Utilities, the natural gas providers that overlap SWEPCO's service territory
- Continued marketing all pathways to SWEPCO's Arkansas customer base using a diverse and comprehensive marketing campaign. For PY2024, marketing was accomplished through the use of paid search, social media, print ads, radio ads,

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and email campaigns. This resulted in 172,800 unique website visits and 158,100 new visits in PY2024.

- 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
- Continued to utilize pathway brochures that included participating trade allies' contact information and provided trade allies with marketing materials for their use in recruiting potential customers
- Conducted two Building Performance Institute (BPI) Building Analyst training and certification classes for trade allies, resulting in 26 newly certified personnel, with fifteen receiving Building Analyst-Technician certifications and eleven receiving Building Analyst-Professional certifications.[27] 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, the SWEPCO implementation team, and contractors.
- 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-ups. The materials reference energy and cost savings, and non-energy benefits such as improved comfort and longer-lasting equipment.

[27] Appendix A, ADM Associates, Inc. PY 2024 Evaluation Report, Table 2-15, p. 44

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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 PY2024, duct sealing (32%), LED lamps (16%), HVAC tune-ups (15%), air infiltration (8%), ceiling insulation (8%), central heat pump replacement (7%), smart thermostats (6%), and air purifiers (5%) are the HIM in the residential sector and equal 96% of program *ex ante* energy savings (kWh).[28]

2.2.1 Home Weatherization Pathway

2.2.1.1 Pathway Description

The Home Weatherization Pathway (HWP) 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, HWP (formerly HPwES) was restructured to operate in accordance with the APSC's Consistent Weatherization Approach (CWA). HWP 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, LEDs, advanced power strips, low-flow showerheads, and faucet aerators. SWEPCO markets HWP 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

[28] Appendix A, ADM Associates, Inc. PY 2024 Evaluation Report, p. 31

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where each project begins with a comprehensive home energy assessment. SWEPCO was the first ENERGY STAR Sponsor of the HPwES Pathway in Arkansas. Due to the DOE and EPA sunset of HPwES, SWEPCO was unable to apply for the 2023 award. However, the DOE did restart the program at the end of PY2023, as a result, SWEPCO applied for the PY2024 award.

2.2.1.2 Pathway Highlights

- In PY2024, the HWP had 1,215 homes participate, achieving 4,042,064 net kWh savings, which is 61% of the planned net energy savings goal of 6,642,648 kWh[29]. The Pathway also achieved 1,416.46 in net kW savings or 61% of the planned net demand goal of 2,316.677 kW.[30]
- Total spend for HWP in PY2024 was $2,102,565, which is 66% of the pathway budget. HWP 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 PY2024 trade ally participation. Each trade ally application was reviewed and scored to enroll and maintain a base of high-quality trade allies.
- Hosted an HWP kick-off and training meeting for trade allies to launch the PY2024 pathway, which included a discussion on best practices, customer service, and any new processes
- Continued the use of a joint utility Trade Ally Weatherization Portal for participating trade allies to submit project data electronically
- Expanded trade ally base to include one new trade ally and one in-house rapid response team

[29] Appendix A, ADM Associates, Inc. PY 2024 Evaluation Report, Table 2-8, p. 32
[30] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-7, p. 28

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- Attended the 2024 National Home Performance Conference in Minneapolis, MN, and the 2024 Energy OutWest Conference in Austin, TX
- Conducted a mid-year virtual HWP Trade Ally meeting to review pathway progress and provide additional training
- Continued the successful joint utility partnership with HPwES sponsor BHEA and with Summit Utilities. In total, the partnerships resulted in 536 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, resulting in 895 leads distributed to contractors
- Continued to utilize a HWP 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 HWP
- 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 HWP participant received measures that resulted in 3,251 kWh of energy savings and incentives that totaled $ 887.16.[31] As shown in Figure 10 below, duct sealing continued to be the primary savings driver for this pathway.

[31] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-97, p. 186

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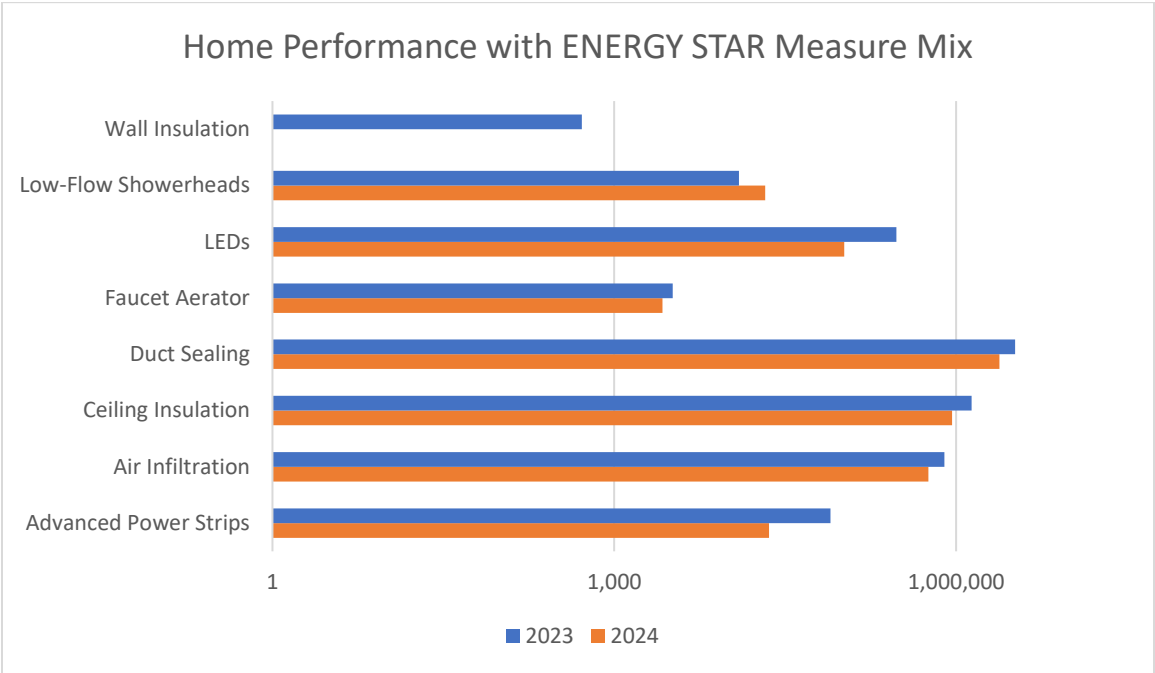

Figure 12 – PY2023-PY2024 Net kWh Savings Achieved by Measure

2.2.1.3 Pathway Budget, Savings, and Number of Measures

Home Weatheriztion (HWP)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	**Budget**	**Actual**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Evaluated**	**%**	**Plan**	**Actual**	**%**
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%
Program Year 2024	**$ 3,026,926**	**$ 2,102,565**	**69%**	**6,642,648**	**4,042,064**	**61%**	**2,494**	**1,416**	**57%**	**2,200**	**1,171**	**53%**

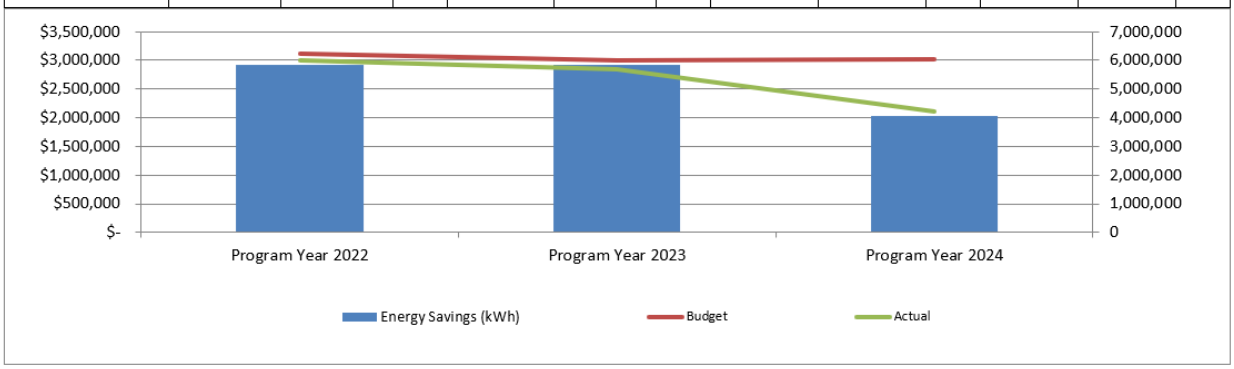

Figure 13 – Home Weatherization Pathway Trends

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2.2.1.4 Description of Participants

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

2.2.1.5 Challenges and Opportunities

Challenges

- The supply chain appeared to stabilize in PY2024, however, the cost of materials, such as insulation, continues to rise, presenting a challenge for trade allies
- Maintaining contractor coverage throughout SWEPCO's Arkansas service territory, which spans parts of 13 counties, continues to be a challenge
- Overcoming the language barrier in some communities continues to be challenging, with no Spanish-speaking trade allies

Opportunities

- Continue to provide trade allies with ongoing resources, updates, and BPI Building Analyst training opportunities
- Continued to streamline data collection methods, reduced 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. Participation in HWP also introduced customers to additional pathways offered
- Compile a list of participants from other pathways to determine eligibility for participation in HWP, thereby increasing leads

2.2.1.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's HWP incentive budget for PY2025 will be $2,348,401, with a gross energy savings goal of 7,154,459 kWh.

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- The HWP will remain a pathway within SWEPCO's Home Solutions Program.

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, the 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 Program.

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

- Residential customers are 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 the 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, provided the property owner provides permission.
- The home cannot have previously participated in the Arkansas Weatherization Pathway (AWP), SWEPCO HWP (previously 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).

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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
- 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 Purifiers
- CoolSaver HVAC Tune-Ups

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 and Plumbing Repairs
- HVAC Repair
- Gas Safety Issues
- Dryer Vent Cleaning
- Flue Repair
- Exterior Moisture Control
- Furnace Filter
- Smoke/CO Detectors
- Mechanical Ventilation – Following ASHRAE 62.2-2013 Guidelines

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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 PY2024, the IQW Pathway achieved 94% of the planned net energy savings goal and 86% of the planned net demand goal.[32]
- In PY2024, the IQW Pathway exceeded its participant goal of 200 with 339 homes participating and achieved 1,006,861 kWh of net energy savings and 373 kW of net demand savings.
- Total spend for IQW in PY2024 was $881,993, which is 122% 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 $0.098 per kWh.[33]
- On average, IQW participants received measures that resulted in 1,813 kWh of net energy savings and incentives that totaled $855.35.[34] As shown in Figure 12 below, duct sealing continued to be the primary savings driver for this pathway.
- Increased contractor participation by adding 3 additional trade allies, thus enabling the pathway to cover the entire SWEPCO AR territory
- Increased the number of participants in PY2024 by addressing LMI customers in manufactured homes. While the full complement of weatherization measures could not be completed, walk-through assessments, direct install, and health and safety measures were available to these customers.
- Continued training the participating trade ally to identify and implement the additional pathway measures and broadened the focus on health and safety.

[32] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 32 and Table 2-7, p. 28
[33] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-18 and Table 2-19, p. 47
[34] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-102, p. 189

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- 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.
- 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
- Continued the successful joint utility partnership with BHEA and Summit Utilities, resulting in 30 customers receiving a joint-use trade ally visit, a single quality assurance visit, and a joint comprehensive energy assessment and report.

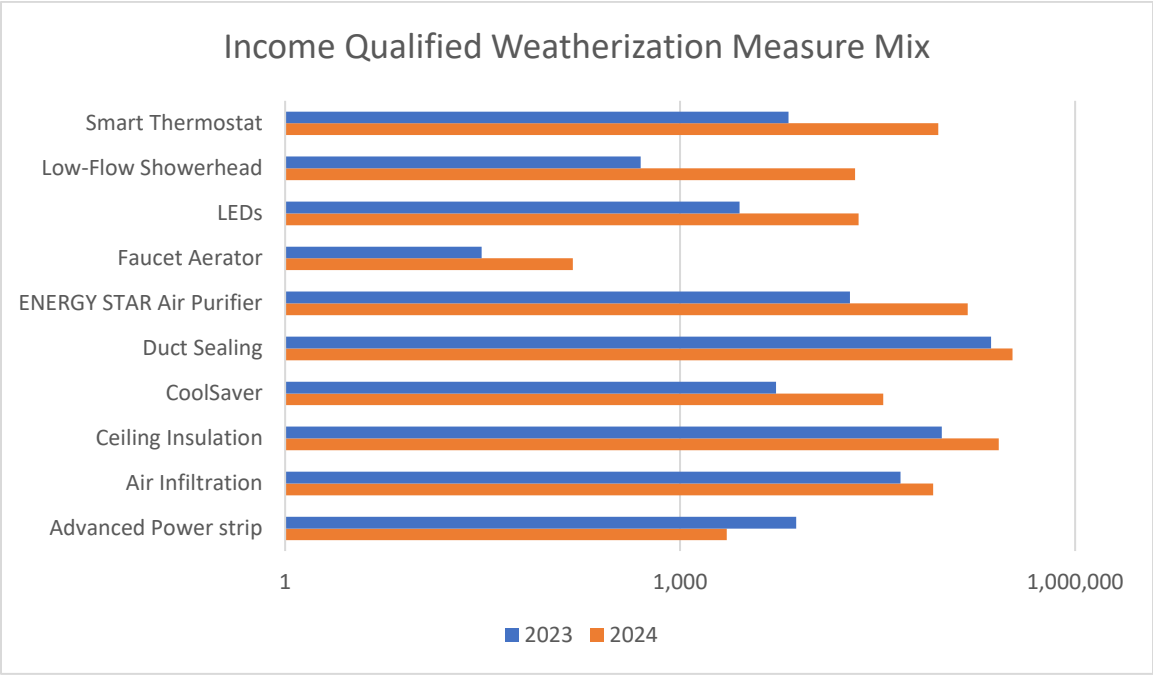

Figure 14 – PY2023-PY2024 Net kWh Savings Achieved by Measure

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2.2.2.3 Pathway Budget, Savings, and Number of Measures

Income Qualified (IQW)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
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%
Program Year 2024	**$ 896,616**	**$ 881,993**	**98%**	**1,071,667**	**1,006,861**	**94%**	**435**	**373**	**86%**	**200**	**554**	**277%**

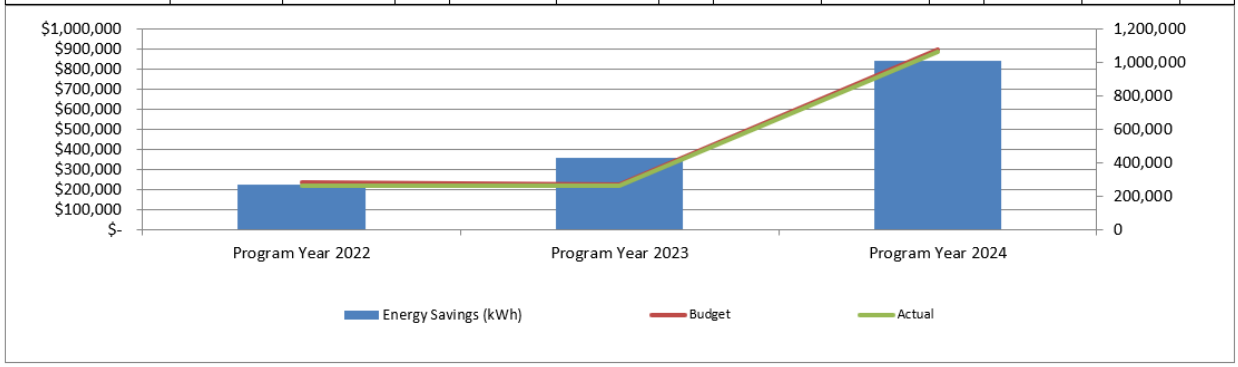

Figure 15 - Income Qualified Weatherization Pathway Trends

2.2.2.4 Description of Participants

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

2.2.2.5 Challenges and Opportunities

<u>Challenges</u>

- Slow adoption of the pathway by trade allies initially, due to expectation of mechanical ventilation and ASHRAE 62.2-2013 measures in homes, were overcome and will continue to be overcome via consistent training efforts.

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Table 2 – IQW Pathway Growth Summary PY2020 - PY2024

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
2024	339	995,313	354.45	1,071,667	2,936	$0.64

Opportunities

- Evaluate other health and safety options or measures that might have application and impact in the IQW demographic
- Continue to provide ongoing resources, updates, and BPI Building Analyst training opportunities
- Work with trade allies to broaden the scope of measures installed at any particular home
- Continue to increase the number of participating trade allies to serve more customers throughout the territory
- Continue to grow IQW savings and increase the number of participants

2.2.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's IQW incentive budget for PY2025 will be $544,279, with a gross energy savings goal of 1,535,745 kWh.
- The IQW will remain a pathway within SWEPCO's Home Solutions Pathway.

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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 owners or renters. Incentives are paid to customers 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.

2.2.3.2 Pathway Highlights

- In PY2024, the REIP achieved 7,918,988 kWh net energy savings or 138% of the 5,733,934 kWh planned net energy savings goal[35] and 1,165.16 kW demand savings[36] or 105% of the 1,111.60 kW planned net demand savings goal.
- Provided in-person and virtual training to new trade allies, reviewing forms, pathway details, walk-through assessment training, and marketing opportunities.
- Increased CoolSaver HVAC tune-up net energy savings from 1,013,942 kWh in PY2023 to 2,396,179 kWh in PY 2024
- 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
- Added trained, in-house CoolSaver technician(s) to strengthen the single-family home sector

[35] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 1-1, p. 22
[36] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-7, p. 28

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- 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
- Increased CoolSaver HVAC tune-ups from 23% to 30% of measure mix
- Continued the REIP multifamily component process, which required implementation staff to initiate property contact, pathway introduction, and property evaluation before trade ally measure installation. Implementation staff conducted testing for duct sealing and air infiltration to ensure the property was a viable candidate for pathway participation.
- Implemented multifamily electric resistance PTAC to PTHP (Heat Pump) or Mini Split Heat Pump replacement outreach, partnering with larger, older properties. Worked with knowledgeable Pathway-participating HVAC dealers to leverage large-quantity orders for competitive pricing. SWEPCO replaced 125 PTACs, realizing 967,612 kWh savings[37] for 105 PTACs to mini-split heat pump replacements and 88,282 kWh savings for 20 PTAC to PTHP replacements.[38]
- 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.
- Inspected 198 properties, both single and multifamily, or 7.1% of the completed projects, either in-person or virtually, to maintain high-quality installation standards
- 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

[37] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-59, p. 172
[38] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-77, p. 176

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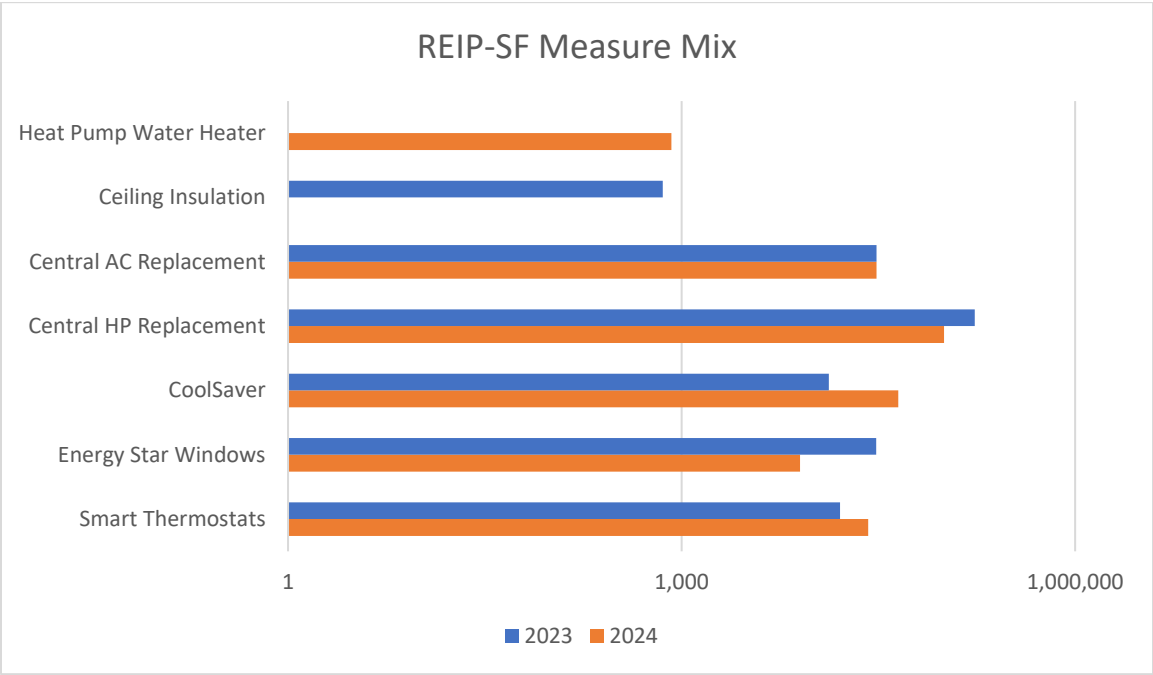

Figure 16 – PY2023-PY2024 Net kWh Savings Achieved by Measure, Single Family

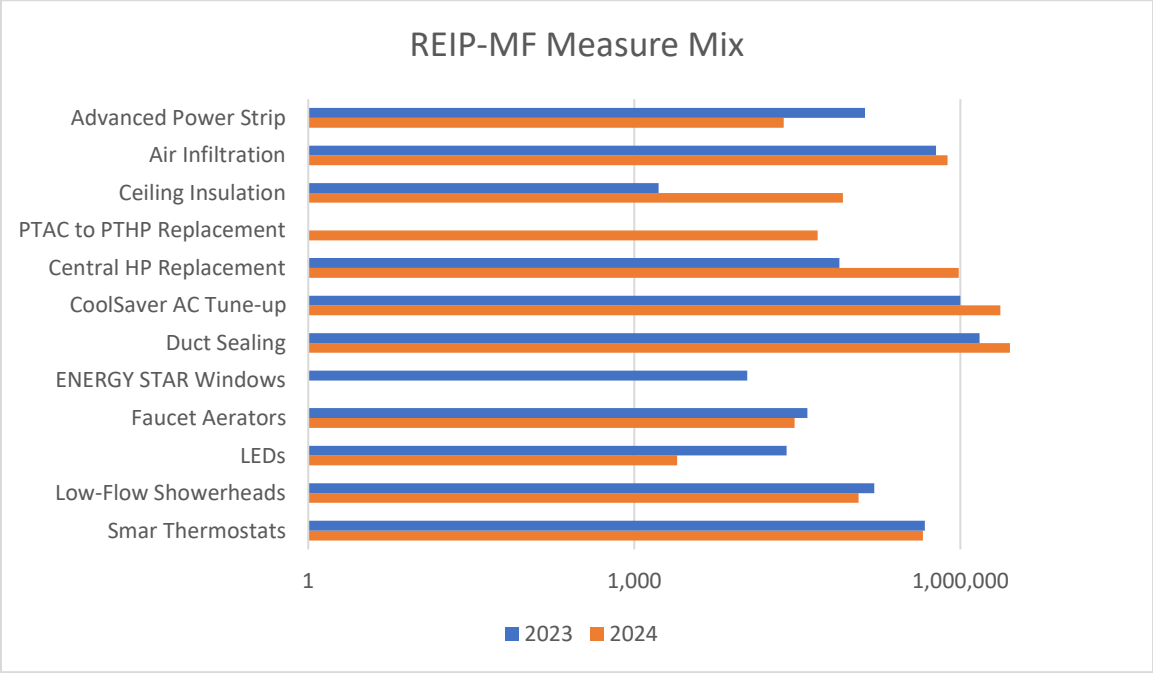

Figure 17 – PY2023-PY2024 Net kWh Savings Achieved by Measure, Multifamily

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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 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%
Program Year 2024	**$ 2,220,490**	**$ 2,085,123**	**94%**	**5,733,934**	**7,918,988**	**138%**	**1,446**	**1,165**	**81%**	**7,033**	**5,393**	**77%**

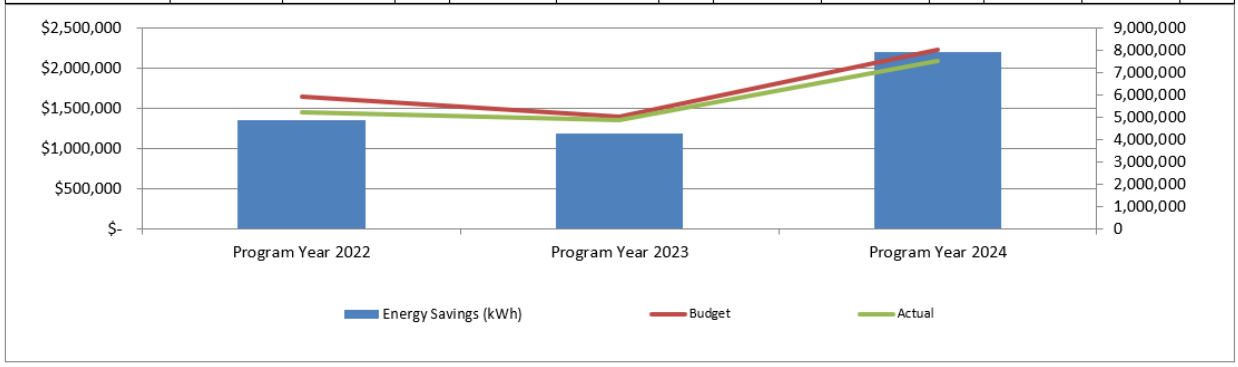

Figure 18 – Residential Energy Improvement Pathway Trends

2.2.3.4 Description of Participants

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

2.2.3.5 Challenges and Opportunities

<u>Challenges</u>

- 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.
- Most trade allies have a business model that 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.

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- 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.
- Despite an increased 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 PY2024 continued to be the multifamily component. The multifamily 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, and HVAC replacement. Property managers' familiarity with REIP makes them more willing to participate than a new property.
- Trade ally training will be continued in PY2025 to encourage pathway participation and assist trade allies in adopting new measures or partnering with other network trade allies.
- Continue outreach and recruitment efforts to plumbing contractors for the heat pump water heater measure
- Continue to drive CoolSaver HVAC tune-up growth through increased training of new and current contractors

2.2.3.6 Planned or Proposed Changes to Pathway and Budget

- Design enhancements planned for PY2025 include increased promotion of heat pump water heaters, additional focus on electric resistance to heat pump upgrades, and further development of participating trade allies
- SWEPCO's REIP incentive budget for PY2025 will be $1,218,795, with a gross energy savings goal of 7,286,882 kWh.
- The REIP will remain a pathway within SWEPCO's Home Solutions Program.

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2.2.4 Efficient Products Pathway

2.2.4.1 Pathway Description

The Efficient Products Pathway (EPP) is designed to reduce the initial costs associated with the purchase of 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.

All EPP product incentives may be applied via an online web portal or paper forms. Product and customer qualification and other requirements are verified before 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 PY2024, the EPP achieved 3,578,685 kWh net energy savings or 276% of the planned net energy savings goal of 1298,780 kWh[39] and achieved 511 kW net demand savings or 227% of the planned net kW demand savings goal[40].
- Continued lighting promotion with local food banks and pantries, resulting in the distribution of 95,600 LEDs and a net energy savings of 2,495,304 kWh[41]
- Continued market neutrality regarding manufacturer and retailer partners, supporting all retailers and manufacturers equally
- Maintained a strategic selection of retail partner store locations to maintain customer access and program awareness

[39] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-8, p. 32
[40] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 2-7, p. 28
[41] Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-4, p. 153 and Table 5-1, p. 147

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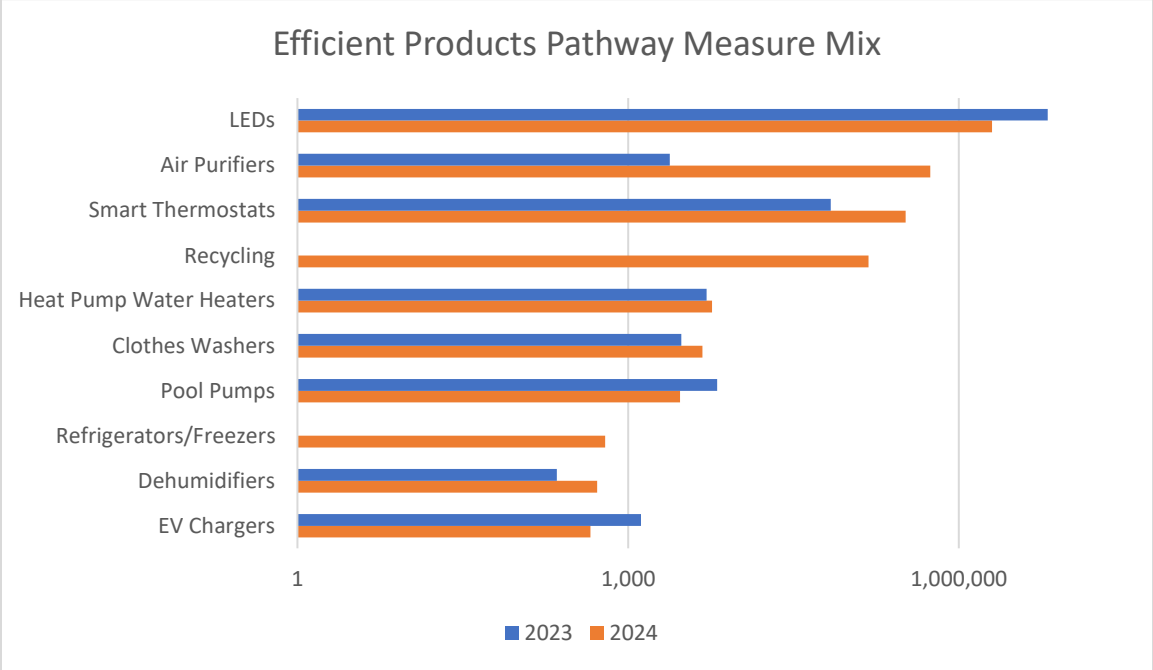

Figure 19 – PY2023-PY2024 Net kWh Savings Achieved by Measure

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 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%
Program Year 2024	**$ 729,211**	**$ 723,092**	**99%**	**1,298,780**	**3,578,685**	**276%**	**265**	**511**	**193%**	**14,665**	**101,203**	**690%**

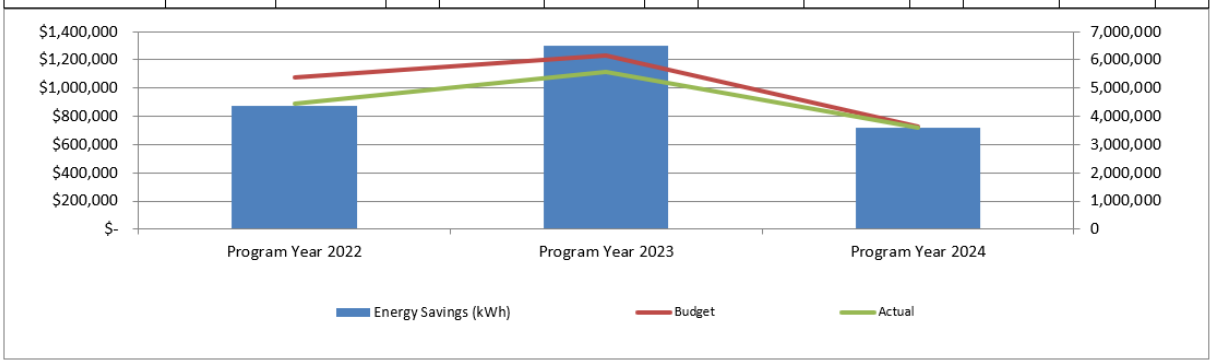

Figure 20 – Efficient Products Pathway Trends

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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 and Opportunities

Challenges

- 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.

Opportunities

- Smart thermostat adoption rates will increase as customers continue to transform their homes with smart devices.
- Continue to utilize Food Bank offerings to reach LMI customers and increase awareness of other pathways
- Added new measures, including ENERGY STAR certified refrigerators and freezers
- Added a Refrigerator, Freezer, and PTAC recycling program

2.2.4.6 Planned or Proposed Changes to Pathway and Budget

- Add additional ENERGY STAR certified appliances to the measure mix for PY2025
- SWEPCO's EPP incentive budget for PY2025 will be $299,718, with a gross energy savings goal of 1,522,489 kWh.
- The EPP will remain a pathway within SWEPCO's Home Solutions Program.

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2.3 Demand Response Program

The Demand Response Program consists of two pathways, a Bring-Your-Own Thermostat Pathway (BYOTP) and a Load Management Pathway (LMP). The Bring-Your-Own Thermostat Pathway is available to both residential and small commercial customers. The Load Management Pathway targets non-residential customers with the ability to curtail a minimum of 50 kW. Monetary incentives will be paid to customers capable of reducing electrical load within a customer facility.

Program Highlights

- Launched the BYOTP in PY2024 and achieved 99% of the participation goal of 1310 customers
- Selected a program implementation contractor to help with expanding LMP participation.

2.3.1 Load Management Pathway

2.3.1.1 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 50 kW or greater. The minimum contract amount of demand reduction required is 50 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 a 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 no more than three events in a program month. LMP customers are notified at least one hour before an unscheduled event via telephone, e-mail, and text.

SWEPCO installs interval data recorders (IDR) at LMP customer sites where an IDR is not already present. Prior to the program period, SWEPCO and the participating LMP customers perform a one-hour scheduled curtailment test to determine a customer's ability to comply with the 50 kW minimum required curtailment threshold.

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The criterion by whereby curtailments are called is established before each Program Period. Prior to the LMP Program Period of PY2023, SWEPCO established the criteria to call for program curtailments when SWEPCO's peak load was anticipated to be at least 95% of the projected peak.

2.3.1.2 Pathway Highlights

SWEPCO paid $193,291 in monetary incentives to seven customers (15 meters) that reduced electrical peak demand with a minimum one-hour advance notice during the program months of June through September. The approved incentive budget was $335,020. The Company paid each of the seven participating customers $30/kW based on the average kW reduction during the program period. The program's total expenditures in PY2024, including incentives, were $472,989 versus an approved budget of $840,020.

During PY2024, three unscheduled curtailment events were called. Historically, system peaks coincide with above-average daily temperatures. Through daily monitoring of forecasted SWEPCO system peaks, the three curtailment events occurred on July 3, August 2, and August 7.

LMP participants are kept informed of other SWEPCO energy efficiency programs by program staff. Four participating LMP customers have been identified for potential CIEEP projects in PY2025. One of the participating LMP customers is an active participant in the SEMP.

While the program evaluator conducted no customer satisfaction surveys as part of the PY2024 evaluation, the LMP program manager states customer satisfaction remains high with no program issues.

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2.3.1.3 Pathway Budget, Savings, and Participants

Load Mgt (LMP)												
	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
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%
Program Year 2024	**$ 840,020**	**$ 472,989**	**56%**	**0**	**80,324**	**-**	**10,695**	**6,390**	**60%**	**25**	**15**	**60%**

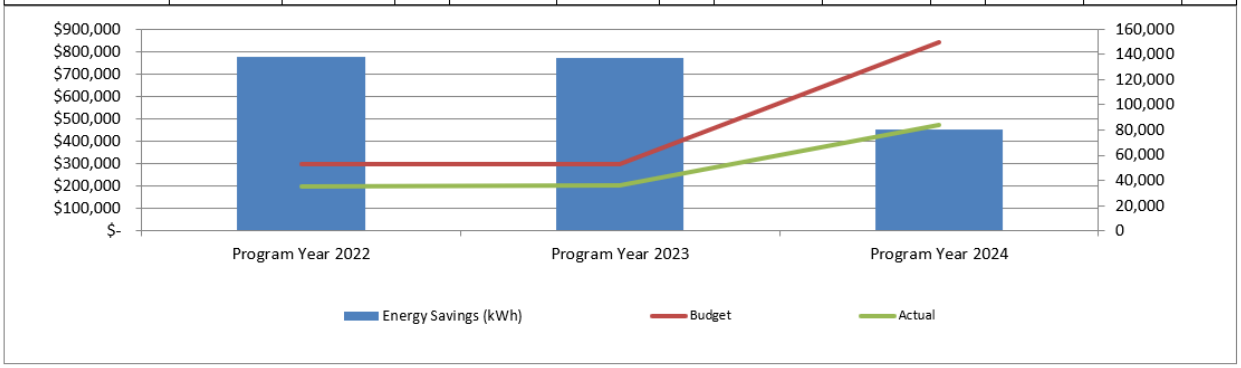

Figure 21 – Load Management Pathway Trends

2.3.1.4 Description of 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 50 kW or greater. The minimum demand reduction required for participation is 50 kW per customer. In PY2024, the Company continued to define a participant as a meter.

2.3.1.5 Challenges and Opportunities

The LMP achieved 59.75% of its net demand reduction target. In PY2024, the LMP did not have an energy savings goal. SWEPCO considers both its five-day demand forecast and knowledge of its available generating units when making unscheduled curtailment decisions. The LMP accounted for 37% of SWEPCO's PY2024 portfolio net demand reduction.

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Challenges

- Two participants informed the program manager that due to unforeseen mechanical issues with the switchgear on their generators, they were unable to participate, which decreased the achieved program demand reduction.
- Historically, unscheduled events are called due to extreme temperature weather events. This prevents many customers from using HVAC setbacks to meet pathway eligibility requirements.

Opportunities

- Continue to keep LMP customers informed of other SWEPCO energy efficiency programs. Each of the LMP customers has completed and received incentives by participating in the CIEEP.
- In PY2024, the demand reduction level of eligibility was reduced to 50 kW. This will allow a larger pool of customers who may elect to participate.
- In PY2025, participants will have the option to select to participate in a two-hour tier. This will enable HVAC setbacks to be used to meet minimum pathway requirements.
- Continue to keep cold storage customers aware of potential curtailment events as system peak forecasts are updated

2.3.1.6 Planned or Proposed Changes to Pathway and Budget

- In PY2025, the program will allow for the addition of a winter program. Both the Winter and Summer programs will allow the customer to elect, during the signing of the Customer Agreement, to participate in either a two-hour option or a four-hour option.
- SWEPCO's LMP incentive budget for PY2025 will be $485,000, with a gross demand savings goal of 16,250 kW.
- The LMP will remain a pathway within SWEPCO's Demand Response Program.

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2.3.2 Bring-Your-Own Thermostat Pathway

2.3.2.1 Pathway Description

The primary goal of the Bring-Your-Own Thermostat Pathway (BYOTP) is to achieve demand reductions during the summer months and other critical peak times for SWEPCO's residential and small business customers. This is achieved through voluntary direct load control events using Wi-Fi-enabled, connected smart thermostats. Customers may register eligible wireless connected smart thermostats that are program-compatible to receive signals and curtail load.

2.3.2.2 Pathway Highlights

- The BYOTP achieved 2,412.47 kW savings or 113% of the net demand savings goal of 2,143.350 kW. The pathway achieved 99% of its enrollment goal of 1310 customers.

2.3.2.3 Pathway Budget, Savings, and Participants

Bring Y/OTstat (BYOT)

	Expenditures			Energy Savings (kWh)			Demand Savings (kW)			Participants		
Program	Budget	Actual	%	Plan	Evaluated	%	Plan	Evaluated	%	Plan	Actual	%
Program Year 2022	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2023	$ -	$ -	-	0	0	-	0	0	-	0	0	-
Program Year 2024	**$ 413,577**	**$ 180,135**	**44%**	**55,984**	**0**	**0%**	**2,165**	**2,412**	**111%**	**1,310**	**1,217**	**93%**

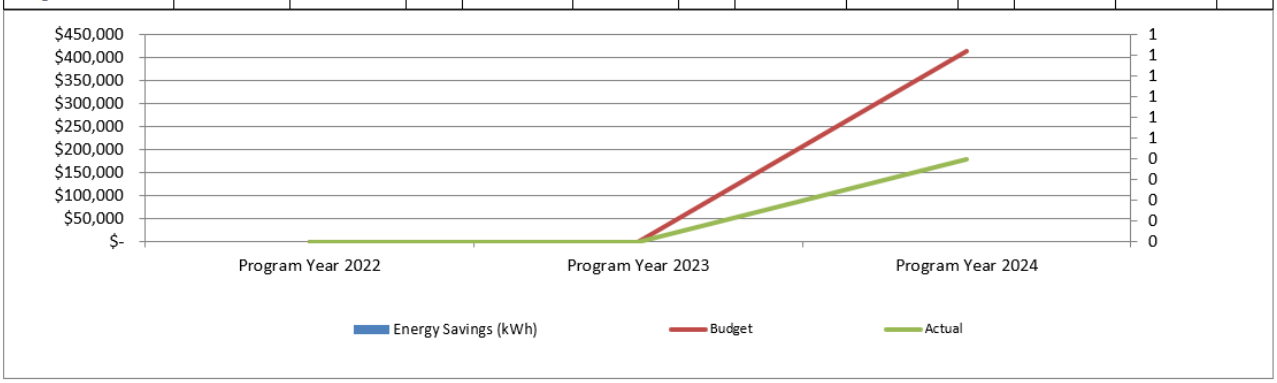

Figure 22 – Bring-Your-Own Thermostat Pathway Trends

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2.3.2.4 Description of Participants

Participation is open to any SWEPCO residential or small business customer registering a program-compatible wireless, connected smart thermostat. Customers can opt out of the event by overriding the curtailment signal or by using a mobile app rather than having to call into a customer service call center.

2.3.2.5 Challenges and Opportunities

Challenges

- The time-consuming process of verifying that applicants are active SWEPCO AR customers.
- More customers appeared to opt out during longer events

Opportunities

- Improve customers' understanding of how their participation in the pathway impacts the grid
- Improve pathway communication by providing participants with better ongoing information about the program and events
- Increase customer awareness of other energy efficiency pathways
- Consider shorter events to decrease opt-outs

2.3.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's BYOTP incentive budget for PY2025 will be $160,675, with a gross demand savings goal of 4,364 kW.
- The BYOTP will remain a pathway within SWEPCO's Demand Response Program.

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2.4 Energy Efficiency Arkansas

2.4.1 Program Description

EEA was 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 was to provide fuel-neutral information, education, and training that encouraged the people and businesses of Arkansas to consume less energy through energy efficiency and conservation measures. The five primary components of EEA were as follows:

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

2.4.2 Program Budget and Cessation of EEA

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 JOIN 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, the General Staff and AEO request that the commission enter an order officially ending the EEA Program. As a result of this program ending, per Docket No. 13-002-U, Order 65 and Docket No. 08-083-TF, Order 62, the amount of $6,422 was returned to SWEPCO in PY2024.

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3.0 Supplemental Requirements

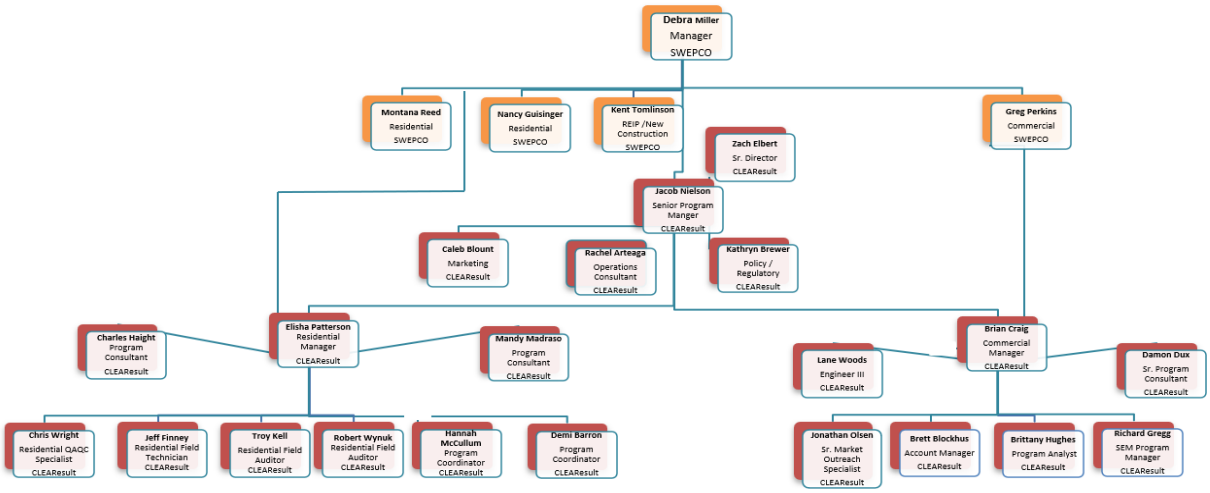
3.1 Staffing

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 PY2024.

The Company's implementation contractor had a few personnel changes in PY2024. Three additional positions were added to the implementation team serving the residential program. In Q1, two residential Energy Auditors and one new residential program coordinator positions were added and filled.

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 PY2024:



SWEPCO's Arkansas Energy Efficiency Program Team

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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 26 meetings in PY2024, which included 17 virtual meetings with the Potential Study Working Group. Of the 26 meetings of the full PWC, eight were held virtually, with the Technical Forum held in person on August 13, 2024. Six meetings addressed updates to the Technical Reference Manual (TRM) and which had been suggested by the utilities, evaluators, IEM team, and other interested parties. One meeting was held for the Act 1102 Working Group. 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.

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 PY2024 evaluation report on schedule
- Worked with ADM to complete the PY2024 evaluation plans and work through the various issues associated with numerous custom M&V projects

Contractor kick-off meetings and one Community Ally meeting were held in person in PY2024. 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' PY2024 trainings, can be found in the Training section of the Company's SARP Workbook.