

## Eligible Project Cost Guidelines for Washington

The Pacific Power Wattsmart® Business team reviews each project's reported information for accuracy. It is important to report only eligible project costs with each submission to ensure incentive applications are not delayed or declined.

Certain costs are eligible for inclusion in the total project cost for the incentive calculation, but other costs are ineligible. Eligible project costs are defined by project type:

1. New Construction/Major Renovation (NCRM): The total installed cost of energy efficiency equipment or system(s) minus the cost of the code-compliant/common-practice equipment or system(s).
2. Retrofit: The total installed cost of energy efficiency equipment or modification.

Lighting Instant Incentives: Only the lamp cost is eligible for instant incentives.

Retrofit incentives are capped at 70 percent of energy efficiency project costs and cannot reduce the project's simple payback below one year. LED Instant Incentives for replacement lamps may cover no more than 70 percent of the purchase transaction costs.

Effective January 1, 2018, there is a maximum simple payback of eight (8) years for lighting retrofits and other projects in Washington where the project cost and one-year payback incentive caps apply. The lighting tool will display an incentive for projects with a payback (before the incentive) over eight years, but the payback will need to be below eight years before an incentive offer can be written. Here is the correct process:

1. Confirm project costs are all eligible (refer to the table below).
2. Contact your outreach coordinator. Your coordinator may work with you to allocate some costs to other benefits and reduce the eligible project cost.
3. If the payback is still over eight years, the project must pass a cost-effectiveness analysis to be eligible for incentives.

### **Effective November 1, 2017, sales tax is not an eligible cost for projects in Washington.**

The most common types of costs are listed below. All costs are subject to the Wattsmart Business team's review. Please familiarize yourself with these costs and contact your outreach coordinator if you have questions.

Washington eligible costs	Washington costs not eligible
<ul style="list-style-type: none"> <li>• Materials supplied by a contractor or third party, including shipping but excluding sales tax.</li> <li>• Materials provided in-house by the customer.</li> <li>• Installation labor by a contractor or third party, excluding sales tax.</li> <li>• Installation labor by in-house personnel. A list of hours worked with the appropriately loaded labor rates must be provided (e.g., on PacifiCorp’s in-house labor form).</li> <li>• Design by a design firm, an engineering firm or a contractor.</li> <li>• Design by in-house personnel if stamped drawings are produced.</li> <li>• Disposal and recycling by a contractor or third party are eligible if properly done according to applicable environmental regulations. If an invoice specifically lists “disposal,” it is assumed that the contractor complied with environmental regulations.</li> <li>• Disposal and recycling by in-house personnel are eligible if properly done according to applicable environmental regulations. The customer must submit documentation showing compliance with environmental regulations.</li> <li>• General conditions improvements for retrofit projects may be eligible costs. Discuss the details with the Project Manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Owners’ overhead.</li> <li>• Project development or project management costs.</li> <li>• Financing costs.</li> <li>• Manufacturer discounts or rebates. Eligible costs are determined after the discount or rebate is subtracted so that the cost reflects the actual expense incurred by the customer.</li> <li>• Maintenance contracts.</li> <li>• General conditions improvements for new construction projects. These are not incremental, so they are not part of energy efficiency measures.</li> <li>• Application fees or charges associated with other incentive programs, whether publicly funded, ratepayer-funded or privately funded.</li> <li>• Portions of project cost paid for by publicly funded grants or incentives (e.g., U.S. Department of Agriculture grants or American Recovery and Reinvestment Act funding). The eligible project cost is determined after such amounts have been subtracted.</li> </ul>