PDI: Strengthening Utility Energy Efficiency Programs Through Contractor Incentives

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ABSTRACT

Although it may sound counter-intuitive to pay your customers to use less of your product, utilities offer rebates to make energy efficiency improvements more affordable in homes and businesses. Reducing demand for energy is ultimately more cost-effective than generating more, making efficiency an important part of any utility's resource strategy. In addition to benefits to customers and the utility, rebates are often viewed positively by contractors, who see the discount as a sales tool.

It can be tricky for contractors to balance the time and effort it takes to apply for a rebate with the benefit to their business. This often results in fewer applications being submitted, even when projects were implemented, and makes it harder for utilities to track energy savings for accurate resource planning and regulatory compliance. Inaccurate applications also create additional work for utility staff and delays for customers.

To address these differing motivations, Snohomish County Public Utility District (SnoPUD) implemented a Project Development Incentive, or PDI. The PDI is an additional incentive, based on energy savings, paid to the company that fills out and submits the application. By essentially paying contractors for their time, the hope is that they will pursue more energy efficiency projects in the service territory, proactively connect customers with utility offerings, submit more accurate applications, and foster stronger collaboration between utility staff, contractors, and customers. This case study will examine the challenges that SnoPUD sought to address with PDI and highlight the outcomes of providing this incentive.

Introduction

The kilowatt you don't use is the most affordable kilowatt of all; that's the fundamental principle underlying utility energy efficiency programs. When utility customers use less energy, it reduces pressure on existing supply and lessens the need for future infrastructure. This helps keep rates low for all customers. These financial considerations, as well as regulatory demands to hit savings targets, make energy efficiency an important resource strategy for utilities. Snohomish County Public Utility District (SnoPUD) is a large, customer-owned utility serving Snohomish County and Camano Island, WA. SnoPUD embraces energy efficiency as part of its mission to provide affordable, reliable, and sustainable electricity to its customers.

Providing rebates to make commercial and residential building upgrades more affordable is one of the most common strategies that utilities employ to encourage energy efficiency. Although these programs help utilities ensure resource adequacy, administering them is not without challenges. The time and effort contractors must invest in filling out rebate applications, understanding differences in incentive levels and policies between local utilities, and navigating changing programs, can all create friction in the relationship between contractors and the utility. And when programs are difficult for contractors to navigate, the quality of applications decreases, creating more work for utility staff.

In 2021, SnoPUD implemented a novel approach to addressing some of these challenges: the Project Development Incentive (PDI). The PDI is a supplemental incentive that is based on a project's energy savings and is paid directly to the company that prepares the rebate application. The goal of this incentive is to recognize contractors' administrative efforts with financial compensation, attract more energy efficiency projects to Snohomish County, and foster stronger relationships with local contractors.

This case study evaluates the PDI's design and outcomes, from both the utility and contractor perspectives, to better understand whether compensating contractors has increased engagement, accuracy, and collaboration in SnoPUD's energy efficiency rebate programs.

Methods

This paper draws on interviews with key utility staff, a survey distributed to 210 contractors who received PDI (there were 46 respondents, a 21.9% response rate), interviews with four participating contractors, interviews with two utilities that implemented similar programs, and routine data on completed rebates retained by SnoPUD. Analysis relies primarily on qualitative information and opinions gleaned from relevant stakeholders, supplemented by survey data and internal records, to evaluate the effectiveness of the PDI program.

About SnoPUD

Snohomish County is located in northwest Washington State, directly north of Seattle, and is home to the cities of Everett, Marysville, and Edmonds. Snohomish County PUD is the 12th-largest public utility in the United States and the second largest in Washington, providing both electricity and water to customers. The mission of SnoPUD is as follows:

> We deliver affordable power and water to our customer-owners in a safe, environmentally sustainable and reliable manner while successfully navigating complex change in our industry. We accomplish this by empowering our teams to provide quality service to our community, prudently managing costs while investing for the future, and striving to improve every day (SnoPUD.com 2026).

Public Utilities are customer-owned, not-for-profit entities and are governed by an elected board (APPA 2026). As a non-profit entity, utility revenue is generally reinvested in operations, affordability, and reliability. SnoPUD's Board of Commissioners consists of three Snohomish County citizens, who help guide utility policy, rates, and governance.

SnoPUD was formed in 1936 and today serves over 346,090 homes, 35,130 businesses, and 76 industrial customers. In 2024, SnoPUD sold 8.8 million megawatt-hours of electricity (SnoPUD.com 2026). The majority of SnoPUD's electric generation is procured from hydroelectric resources purchased from the Bonneville Power Administration (BPA). It is anticipated that 93% of the electricity supplied in 2026 will come from renewable or non-emitting resources (Snohomish County PUD CEIP 2025, 10).

Why Do Utilities Pay for Energy Efficiency?

The cheapest kWh

It may seem odd to encourage customers to use less of your product, but there are strong strategic, economic, and legal reasons for utilities to promote energy efficiency. It generally costs less to save energy than to generate it. In 2025, the U.S. Energy Information Administration estimated the average levelized cost to produce a megawatthour of electricity with hydropower to be around $58.54 (USEIA 2025). An earlier report by ACEEE put the levelized cost of achieving a megawatthour of energy efficiency at $12 to $49 (Figure 1). Utilities support their customers in using energy efficiently because it's the lowest-cost way to ensure adequate supply throughout the system, thereby boosting affordability for all customers.

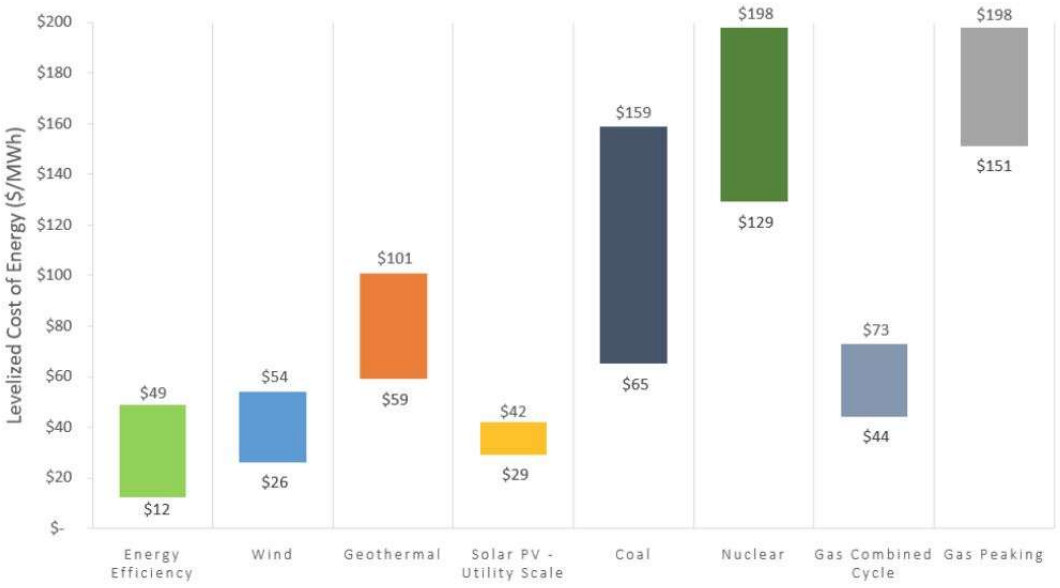


Figure 1. Relative cost to procure a MWh of energy from different sources in 2020. *Sourc*e: ACEEE 2026

The concept of "energy efficiency as a resource" is well known in the utility sector, and energy efficiency is integrated into operations planning as an equal factor alongside energy generation and transmission. SnoPUD's 2025 Integrated Resource Plan (IRP), which outlines long-term energy resource adequacy planning, explicitly acknowledges the role of efficiency:

> *Since 1980, conservation and energy efficiency programs have resulted in the cumulative acquisition of almost 250 aMW of conservation resources, or enough to power more than 80,000 homes annually. The acquisition of new conservation through energy efficiency programs encourages customers to use energy more efficiently, which can defer the acquisition of new supply side resources…, postpone the need for new transmission and distribution system upgrades, create value for customers, increase affordability for households, and reduce operating costs for businesses. Conservation is a low-cost resource with minimal environmental impacts. (Hunter et al. 2025, 44-45)*

Utility rebate programs

One of the most effective ways that utilities promote energy efficiency is by providing rebates to encourage customers to adopt energy efficient equipment in their buildings. Typical

targets include upgrades to lighting, insulation, HVAC equipment, water heating, and, for commercial or industrial customers, equipment specific to their business activities. Two common methodologies to assign rebate amounts include: using standardized ("deemed") savings to set a fixed rebate for a typical project, or calculating project-specific savings and applying a rate per kWh saved. At SnoPUD, Energy Management Engineers (EMEs), who work with commercial customers, and Energy Efficiency Program Consultants (EEPCs), who work with residential customers, are tasked with reviewing and validating project specifications and savings to assign rebate amounts. The EMEs and EEPCs work in collaboration with Program Managers, who provide rebate structure, policy, and oversight.

Utility energy efficiency programs save an average of 1 kWh for each $0.20 spent upfront on incentives. However, since most of these efficiency improvements are durable, the average life-cycle cost of energy efficiency programs is actually only $0.02/kWh (Aniti 2019).

Energy efficiency policy in Washington State

Besides making good business sense, there are legal and regulatory systems in place to ensure that Washington State utilities are taking full advantage of opportunities to help their customers achieve these savings. Meeting regulatory requirements and reaching biannual savings targets strongly motivates SnoPUD to offer robust energy efficiency programs.

The Energy Independence Act (EIA or I-937) was approved by Washington State voters in 2006 and requires that utilities serving over 25,000 customers "must pursue all conservation efforts that are cost-effective, reliable and feasible" (DoC 2026). This law requires utilities to identify conservation potential over a 10-year period and set biennial targets for conservation and renewable energy generation. Every two years, utilities are required to report to the Department of Commerce to document compliance with the EIA by demonstrating how they are meeting their conservation targets.

SnoPUD purchases most of its wholesale power from the Bonneville Power Administration (BPA), a federal agency under the U.S. Department of Energy. BPA provides about 32% of the electric power in the Northwest, generated via 31 hydroelectric projects, and administers energy conservation programs to help reach its regional savings goals. The majority of funding for SnoPUD's energy efficiency rebates is reimbursed through BPA's conservation program, with savings targets established every two years. BPA also provides technical guidance for determining deemed rebate amounts and project savings estimates via its Implementation Manual, which is updated and published annually (BPA 2025). Meeting savings targets established by the EIA and BPA is a strong driving factor behind SnoPUD's rebate program design.

PDI – SnoPUD's Perspective[1]

Pain points

Most utility rebate programs are based on paying a customer a set amount to implement a

[1] Unless otherwise cited, all content in this section derives from an interview with John Petosa, Sr. Prog Mgr, SnoPUD on 2/10/26

specific project (for example, $700/ton to install a ductless heat pump that replaces baseboard heaters), or an amount predicated on the energy savings (such as $0.35/kWh saved by installing a more efficient air compressor). SnoPUD's rebates generally follow this formula, but in mid-2021 the utility implemented an innovative *additional* incentive structure to address issues specific to the contractors' roles in the process.

It is common for the contractor installing the measure to be the one to complete the rebate application. Utility rebate programs are generally viewed positively by contractors and often serve as a sales tool to provide the customer with a more affordable upfront price and shorter simple payback. Contractors and the utility work closely together to deliver rebates to commercial and residential customers on eligible projects, and SnoPUD identified the following areas of difficulty in this process:

- **Timing of projects** – For many years, SnoPUD offered a short-term bonus toward the end of the year if kWh savings were falling short of EIA and BPA savings targets. This led to a large increase in project submittals in Q3 and Q4, when ideally project work would be steady throughout the year.
- **Contractor feedback –** Contractors shared frustration about the complexity of the rebate application and the administrative burden required to complete it. This often led to:
- **Incomplete rebate application submissions –** When rebate applications are incomplete or low on details, it creates more work for the EMEs and EEPCs to track down the information and either fill it out themselves or engage in extensive back and forth that consumes the contractor's time.
- **Competition for projects with neighboring utilities** – Although there is some overlap and collaboration, the specifics of utility rebates vary between utilities. Contractors will focus marketing efforts in areas with the most generous rebates and the easiest programs to navigate.

Introducing the Project Development Incentive (PDI)

In recognition of these pain points in the utility/contractor relationship, SnoPUD had been considering a mechanism to reimburse the contractor for their time for many years, but the concept had never materialized into a program. During the upheaval of the COVID-19 pandemic, John Petosa, Senior Program Manager, was reevaluating many aspects of his programs, including competition with neighboring utilities. SnoPUD only provides electricity, and many SnoPUD customers also receive natural gas service from Puget Sound Energy. Because Snohomish County borders King County, home to Washington's largest city, Seattle, SnoPUD often struggles to attract contractors when there is a much more robust market nearby. In order to meet the utility's savings target and maintain a healthy network of qualified contractors, or Trade Allies, SnoPUD needed to create conditions that motivated contractors to be more proactive in the region.

Mr. Petosa's view was that a healthy contractor network that is fiscally sound, stable, and consistent from year to year is one of the most important assets that a utility conservation program can maintain. If the market is healthy and contractors aren't struggling to make projects profitable, they can bid more competitively, making energy efficiency more affordable for customers and helping the utility meet its goals. SnoPUD previously incentivized contractors with the aforementioned short-term bonuses, and sought to ensure that rebates were approved and paid quickly to attract work to Snohomish County.

These methods helped SnoPUD successfully meet kWh savings goals year over year, but the bonus rebates also created huge spikes in projects submitted in Q3 and Q4, overloading the program staff. Mr. Petosa, who manages the commercial lighting incentives program, drove the push to find a more consistent way to incentivize contractors in Snohomish County. Drawing on his previous experience as a restaurant owner, he considered the contractor's profit margin: if SnoPUD paid an incentive directly to contractors, then the contractors could meet their profit goals while offering their customers a more competitive bid. This would be attractive to contractors while increasing affordability for customers. The incentive was designed to scale up and down based on the energy savings calculated for the project, in hopes of encouraging contractors to seek larger projects and offset the larger administrative loads that often come with those projects. The Project Development Incentive was pitched to SnoPUD leadership and adopted in 2021.

How PDI Works

The PDI started out as an additional incentive of one cent per calculated kWh saved on commercial lighting projects, and soon after that an additional half cent was added for savings attributed to lighting controls. SnoPUD had long encouraged lighting contractors to take the NXT Level certification course for commercial lighting but hadn't gotten much traction, so PDI was also increased by another half cent for Trade Allies that had taken that training.

PDI was expanded to apply to all commercial rebates, both deemed and custom, as well as residential rebates. There have been small adjustments to the incentive amounts in the ensuing years, but the basic structure of paying an additional incentive calculated from energy savings directly to the contractor remains unchanged. PDI amounts and methodologies vary by measure, a few examples include:

- $0.01/kWh for commercial lighting project savings
- $200 per unit for a commercial air-source heat pump retrofit
- $25 per horsepower for adding a variable frequency drive to a commercial air handling unit
- $175 for a residential ducted heat pump

Current commercial PDI rates can be viewed at https://www.snopud.com/save-energy/business/rebates/all/. Residential PDI is not posted online – since residential customers cannot receive PDI, the amounts are communicated directly to contractors. The following language is included on commercial rebate applications to explain the PDI:

> *In addition to the incentive for energy efficiency upgrades, SnoPUD is now offering a supplemental project development incentive to offset administrative costs associated with participating in our programs. A project development incentive will be paid to the company that is primarily responsible for filling out this application, assembling the required documents and submitting the complete application packet. The incentive will vary based on the selected measures. Current development incentive rates can be viewed on the rebates overview. Minimum of $50 per project, no maximum cap.*

PDI calculations are integrated into the workbooks and software programs that SnoPUD staff use to calculate energy efficiency rebates and are automatically added to the project. Figuring out how to integrate paying the PDI into existing financial processes was one of the biggest challenges in launching the program. For example, when the energy efficiency rebate is going directly to the customer and the PDI is going to the contractor, SnoPUD must obtain W-9 tax forms from both entities, which increases administrative work.

SnoPUD does not offer contractors the option to direct the PDI payment to the customer; it is expressly an incentive for their participation in the process. SnoPUD intends PDI to be a payment to cover administrative costs associated with completing rebate applications, a bonus to salespeople to help motivate them to sell projects in Snohomish, or both.

PDI is offered as positive reinforcement to show appreciation for the work that contractors do to help SnoPUD customers, though it can be revoked in rare circumstances. On the residential side, if a contractor doesn't complete the test-out process for a heating rebate, the PDI is revoked because SnoPUD staff then must complete the procedure. On the commercial side, if a project remains incomplete for 90 days with no communication from the contractor explaining the delay, the PDI can be revoked. Previously, in these cases, the project was voided and had to be resubmitted, so withholding PDI is a lighter penalty.

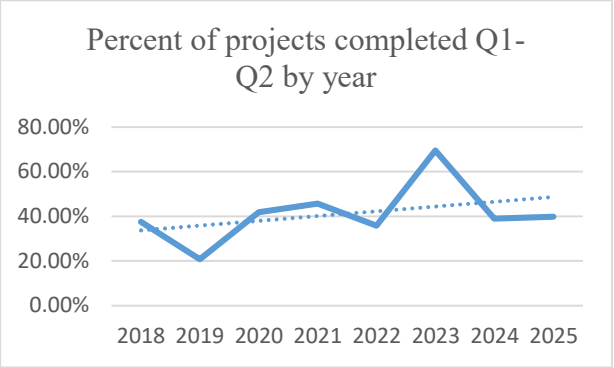
A note about customers receiving the PDI

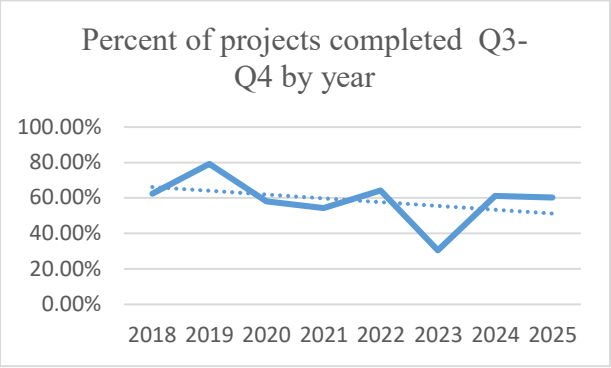
Although this case study focuses primarily on the contractor experience, commercial customers can also submit the rebate application and receive PDI for projects that they install themselves with in-house labor. Most of the same benefits of PDI are true for customers: completing rebate applications creates additional administrative burden for staff, and the PDI is intended to compensate for that time. Residential customers are unable to apply for rebates themselves, and therefore don't receive PDI.

PDI Outcomes – SnoPUD's Perspective

Although this case study is the first formal evaluation of PDI since its inception, the program has been viewed positively by key stakeholders at SnoPUD. One of the biggest pain points PDI intended to address was uneven project submission timing throughout the year due to year-end bonuses. Contractors would often hold off on projects until the bonus was announced, exacerbating workload issues on the utility side. Figures 2 and 3 show the percentage of the annual total of projects completed in the first or second half of each year from 2018 to 2025. In brief, there is a small increase in percentage of total projects completed in Q1-Q2 and a small decrease in projects completed in Q3-Q4 over the period from before PDI was introduced to the present. However, two anomalous years with unusually high project volumes concentrated in a two-month period (2019 and 2023) are the strongest drivers of the trend, limiting the ability to attribute the shift directly to PDI. There is still a large increase towards the end of the year in most years as the utility, customers, and contractors all align their work with the fiscal year. Overall, the impact of normal year-end pressures may be obscuring PDI-linked effects on project timing. Although this timing data is inconclusive, stakeholders at SnoPUD consistently view the shift away from short-term bonuses to the more stable PDI as a significant programmatic

improvement (Snohomish County PUD internal rebate databases 2026).





Figures 2 and 3. Trend in project submission by quarter, pre- and post-PDI. *Source:* Snohomish County PUD internal rebate databases 2026

Regarding rebate application accuracy and completeness, SnoPUD staff who process the applications view PDI favorably as a tool for communicating the division of responsibility between the contractor and the utility. When an application is missing elements, staff can contextualize the request for more information by first acknowledging the contractor's administrative costs and explaining that PDI helps offset them. This has reportedly led to a more positive application experience for both contractors and SnoPUD staff.

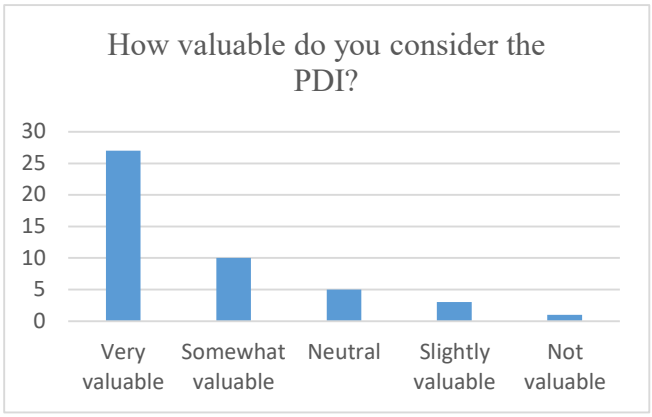
Showing contractors that their time is valuable and that SnoPUD recognizes the financial realities of the rebate application process is an important piece of maintaining a healthy contractor network. As detailed in the next section, PDI has been successful in advancing this goal. When surveyed about the impact of PDI on their companies, contractors said that it clarified the expectations for their role in the application process. They reported that it motivated them to pursue projects in Snohomish County despite the average project being smaller than in neighboring King County, and that it helped projects "pencil out" financially so they can bid more competitively (PDI Feedback Survey, 2026). PDI appears to be playing a role in strengthening the relationship between the utility and contractors, contributing to a strong and stable contractor network, and encouraging more proactive work in SnoPUD service territory.

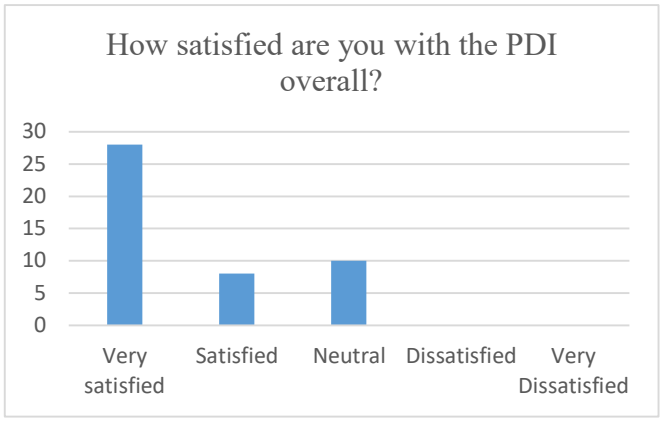
PDI is considered a highly cost-effective program by SnoPUD. Staff note that strengthening the contractor network helps the utility reach its saving goals, and increased quality and accuracy of rebate applications saves staff time and internal administrative costs. For financial accounting purposes, PDI is treated as an administrative cost rather than an incentive. It accounts for less than 2% of the allowable administrative costs of up to 20% that are reimbursable through Bonneville Power Administration's conservation program. PDI is accounted for as part of the average cost of achieving kWh savings in SnoPUD's rebate portfolio. Even though it slightly increases cost spent per kWh saved, it is viewed as an extremely cost-effective way to strengthen the contractor network, relieve administrative burden for both contractors and staff, and reduce barriers to making energy efficiency projects

affordable for customers.

PDI – Contractor's Perspective

To evaluate contractors' perception of the PDI, a survey was emailed to approximately 210 individuals who were recipients of the PDI on an energy efficiency rebate project over the preceding two years. Forty-six contractors responded to the series of nine multiple choice questions and two short answer questions. The survey showed that the overwhelming majority (80%) of contractors who received the incentive found it very or somewhat valuable, while 78% were satisfied or very satisfied with the program (Figures 4 and 5). The survey, along with personal conversations with four of the respondents, provided insight on how contractors view the value of the PDI. They shared what they use the payment for, how effectively it addresses the pain points that SnoPUD identified, and which pain points remain.





Figures 4 and 5. *Source*: PDI Feedback Survey 2026.

How contractors use PDI

One of the most impactful stories about PDI came from Rachel Rieken with Seahurst Electric. Ten years ago, the company brought her on to help increase their focus on energy efficiency projects. One of the biggest barriers to their operations was the lack of equipment, and the additional costs of renting a bucket truck made them noncompetitive for smaller projects. When SnoPUD was first considering offering the PDI, Rachel was asked if she thought it would encourage more contractors to seek out projects in SnoPUD territory. Her initial reaction was that it wouldn't have any impact, because either a project makes sense for the contractor or it doesn't, and an additional incentive wouldn't make them work harder. However, once the program was implemented, she saw it as an opportunity to help them save up for a bucket truck to improve their business. Rachel explained the new incentive to her team and encouraged them to seek out projects with SnoPUD customers. That year, Seahurst Electric received over $40,000 in PDI and used it to purchase a bucket truck. Owning their own truck allowed them to bid more competitively, and also made it affordable to take on projects for smaller businesses. "It was a game changer so we could take care of the little guy," Rachel shared. (R. Rieken, Seahurst

Electric, pers. comm., Feb 2026)

The contractors surveyed shared a variety of other ways that the PDI is used, including:

- Offsetting administrative and processing costs
- Recouping some of the costs of bidding projects that never made it to contract
- Covering additional labor for training new employees on SnoPUD rebate processes
- Bidding projects more competitively by sharing the incentive with the customer
- Providing a sales bonus
- Funding year-end staff gifts/bonuses

Application quality

Incentivizing contractors to submit more complete applications is intended to reduce the administrative burden on SnoPUD employees. When asked in the survey whether PDI encouraged them to improve the quality or accuracy of rebate applications, the majority of contractors (65%) responded "definitely" or "somewhat," showing that the impact of the program aligns with that intent (Figure 6). One survey respondent shared: "What I found most helpful about the PDI was the clarity it provided. It walked through expectations step by step and gave a clear understanding of what needed to be completed and why. It also helped identify potential issues early, which makes the overall process smoother and prevents surprises later on" (PDI Feedback Survey 2026).

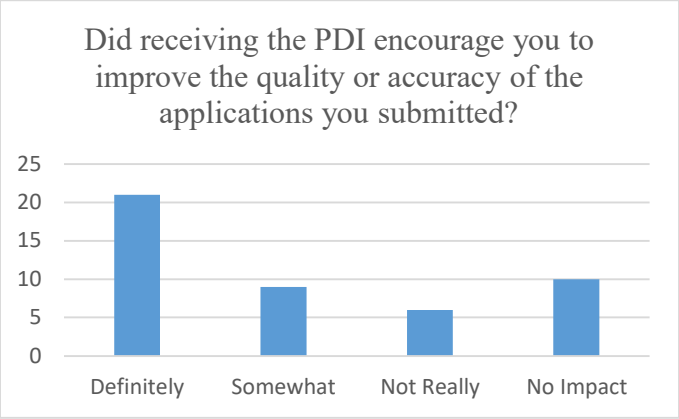
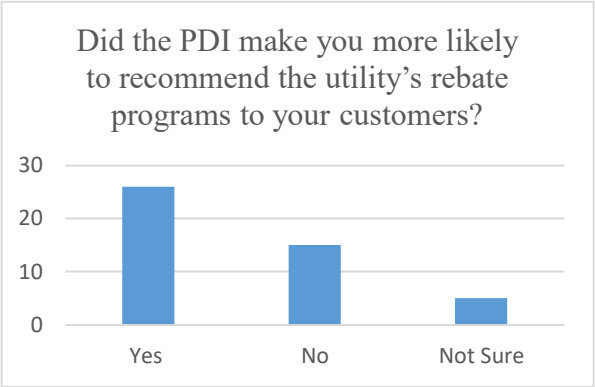


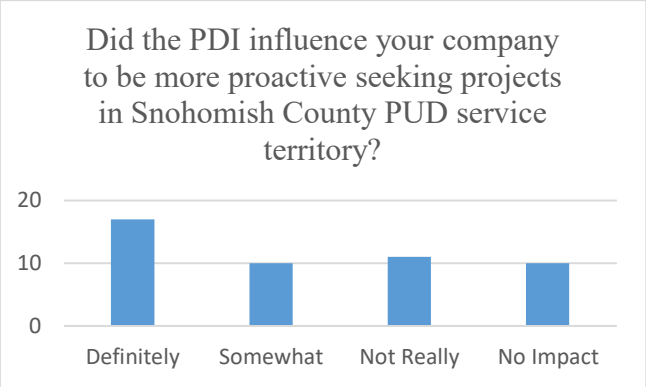
Figure 6. *Source:* PDI Feedback Survey 2026.

Project pipeline and market transformation

Many respondents shared that the PDI provided an incentive to proactively seek out projects in Snohomish County, with 59% of respondents sharing that it "definitely" or "somewhat" played a role in attracting them to SnoPUD territory. Additionally, 57% said the PDI made them more likely to recommend SnoPUD's programs to customers (Figures 7 and 8). Multiple contractors mentioned neighboring utilities with either larger or smaller rebates, noting that they will pursue work where the rebates are most favorable. PDI plays a role in attracting contractors to Snohomish County, but it doesn't always overcome the draw of higher rebates offered by neighboring utilities. One respondent shared: "The average size of jobs in Snohomish County is smaller than that of other nearby counties, but the customer rebates and vendor

incentive help our salespeople to stay motivated about selling these jobs" (PDI Feedback Survey 2026).





Figures 7 and 8. PDI's Relationship to Seeking Rebates. *Source:* PDI Feedback Survey 2026.

Ongoing pain points

Although PDI has had a positive impact on the issues that it was created to address, a few points of remaining tension stand out in 2026:

- **PDI allocation –** PDI doesn't always go to the person who prepared the rebate application. PDI seeks to compensate contractors for the administrative burden of completing the rebate application, which can divert time from other profitable activities. Depending on how the PDI is allocated at a given company, the incentive may not reach the person filling out the application and therefore may not serve as a motivator to spend more time producing higher-quality applications.
- **Staff turnover** – Turnover remains high among local contractors, and new staff may need to be trained on the application process and how PDI is used at their companies.
- **Program stability concerns** – Contractors are used to utility rebate programs changing, sometimes significantly, from year to year. One theme that emerged was appreciation of the PDI but hesitation to rely on it in case it disappears. Multiple respondents to the survey provided feedback along the lines of "don't change anything," while a few suggested an increase (PDI Feedback Survey 2026).
- **Program awareness** – Survey respondents who had received PDI within the last 2 years were asked "Are you aware that you/your company received this Project Development Incentive (PDI) when you submitted a rebate application for an energy efficiency project?" and "Before receiving it, were you aware that SnoPUD offered a Project Development Incentive (PDI)?" Out of 46 respondents, 73.9% replied "Yes" to both. Another 0.9% were unaware of PDI before receiving it but were familiar with it at the time of the survey. The remainder replied No or Not Sure to both, indicating that they

still weren't aware of the program after being a recipient. (PDI Feedback Survey 2026).

Other Utility Experiences

At the inception of the PDI program, Mr. Petosa searched for examples of similar contractor incentives at utilities around the country. Although PDI is unlikely to be entirely unique, comparable programs are not well documented. The few examples known to this paper's authors are primarily at peer utilities in the Pacific Northwest and appear to have been influenced by PDI.

Puget Sound Energy, which provides electricity and natural gas to ten counties in western Washington State, is one of the few utilities that has adopted a comparable approach. Their Contractors Performance Incentive (CPI), informed by SnoPUD's PDI, was launched in 2022 with the goal of paying contractors to meet specific deadlines and help achieve annual kWh targets. Initially, the entire CPI went to the contractor, but PSE later experimented with splitting the incentive between the customer and the contractor. Over the past few years they tested different structures, such as adjusting the amount paid per kWh saved, reverting to only paying the contractor, and capping the incentive at a fixed amount when the savings were above a certain limit.

The program has been successful at helping PSE meet kWh targets and shorten project timelines, but PSE is likely to discontinue it at the end of 2026. This is due to a combination of rising labor costs to administer the incentive without a corresponding increase in savings to justify those costs, along with a shift in strategy toward increasing energy efficiency rebates in specific programs. (A. Pultorak, Supervisor Business Lighting Incentives Team, PSE, pers. comm., Feb 2, 2026).

Another peer utility explored instituting its own version of PDI but encountered significant roadblocks. In 2022, around the same time that PDI and CPI were implemented, this utility discussed creating a contractor incentive that could be increased when needed to signal to the market that more projects were encouraged. The idea was to have a steady baseline incentive to indicate to contractors that their work is important to the utility, with the option to increase it when more projects are needed to meet savings goals.

This incentive was ultimately never implemented, with the most significant barrier being that there was no way to easily add it to an existing project in their rebate-administration software. Each contractor incentive would have to be added as a separate project, creating substantial work for administrative staff and EMEs. They also cited inconsistent staff buy-in and emphasized the importance of articulating the value proposition of a new program in a way that speaks to all stakeholders. (This utility wished to remain anonymous, pers. comm., Feb 12, 2026)

Conclusion

SnoPUD's Project Development Incentive was designed to address friction in the energy efficiency rebate process caused by differing needs and motivations between the utility and contractors. The biggest pain points that led to the creation of the PDI were year-end project submission spikes, competition for contractor attention with neighboring utilities, and the administrative burden impacting application quality.

In evaluating the PDI program through the interviews, survey, and data analysis captured in this case study, it's clear that the program has had a meaningful impact on these issues and is viewed positively by the utility and contractors alike. Survey respondents provided affirmative

feedback that PDI played a role in reducing administrative burden and in attracting them to seek projects in Snohomish County. It was less clear whether PDI has smoothed out year-end project submission spikes. Other forces, such as pressure applied by fiscal year deadlines, obscure a clear trend. However, shifting away from year-end bonuses to a steady contractor incentive model is regarded positively by SnoPUD management. Since PDI represents a very small percentage of administrative costs, it is perceived as a highly cost-effective way to deliver these benefits. There are remaining points of friction, including misaligned assignment of PDI funds within the contracting companies, contractor wariness about program stability and continuity, and persistent awareness gaps due to turnover and other factors.

The successes of the PDI program could be replicated by other utilities around the country and adjusted for the specific goals and needs of the contractor community they work with. The experiences shared by peer utilities that adopted similar programs show that success hinges on getting solid buy-in from all stakeholders and having strong systems in place to administer it, just as much as the incentive levels themselves.

Overall, PDI has proven to be an impactful tool to improve the contractor/utility relationship and make pursuing energy efficiency projects in Snohomish County more attractive. This is a key element in SnoPUD's energy efficiency program that helps keep electric rates more affordable for utility customers.

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AI Disclosure

AI-assisted tools used: Microsoft Copilot
Used for: Organizing information provided by authors
Extent: Proofreading, outlining, summarizing and transcribing interviews, citations
Human review: The authors reviewed and verified all content, calculations, and citations. All information in this paper was obtained from the cited sources and none of the content in the final paper was directly written by AI.