



ENERGY SMART EASTSIDE



2024 Annual Report

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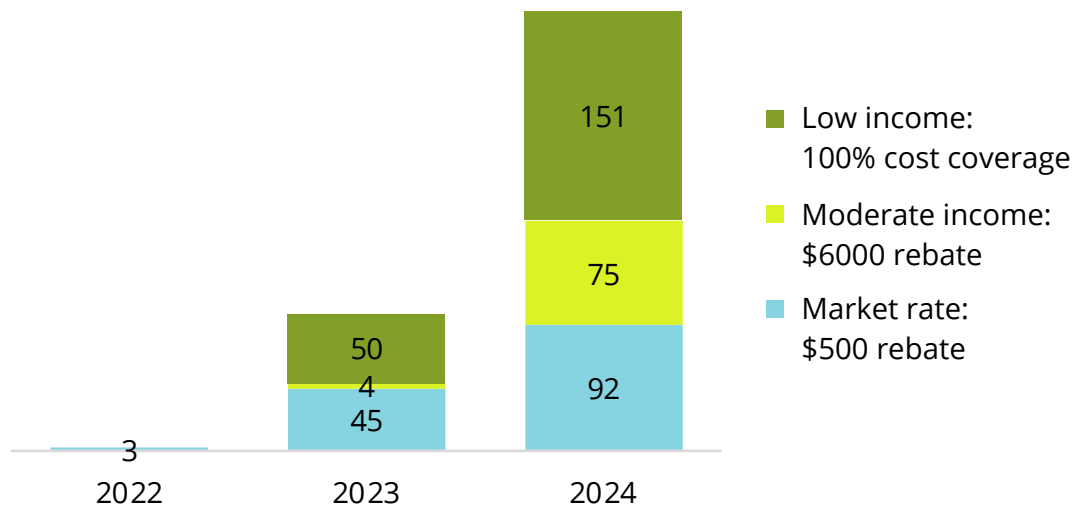
Cover photos: Clockwise from top left. Proud owner of a new heat pump, heat pump installation, tour with Rep. DelBene of a heat pump installed at Options for Supported Housing in Kirkland, tabling at Kirkland City Hall for All

Executive Summary

Energy Smart Eastside (ESE) is a community climate initiative founded in 2022 by the cities of Bellevue, Issaquah, Kirkland, Redmond, Mercer Island and Sammamish. ESE drives equitable home electrification with an emphasis on heat pumps. Heat pumps reduce heating-related greenhouse emissions 91% relative to a gas furnace and support community climate resilience, making adoption a key strategy for meeting city climate goals. This annual report is intended to brief community stakeholders on progress in 2024 and provide an overview of 2025 goals.

Following a pilot in 2022-2023 to launch the program and build the foundation, 2024 was a pivotal scale-up year for Energy Smart Eastside resulting in 200% growth in heat pump incentive utilization and securing \$5.5 million in additional grant funding for low-and-moderate income heat pump incentives. The program was also significantly restructured with capacity to support a doubling in incentive utilization in 2025.

Graph 1: Energy Smart Eastside Incentive Utilization



Thank you for hosting the Redmond workshop. I now feel confident in moving forward with my heat pump project.

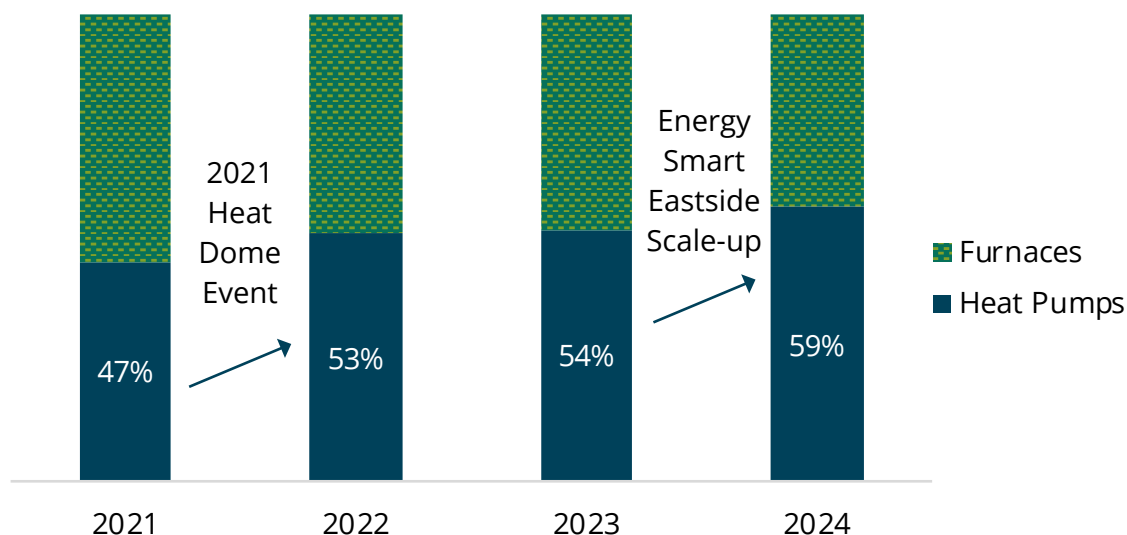
-Sharlene, heat pump workshop attendee

Eastside Heat Pump Adoption Targets & 2024 Outcomes

The ESE heat pump campaign aims to support a local market transformation of residential HVAC installations with the outcome that 99% of permitted heating projects are heat pumps by 2032. With an average furnace lifespan of 15-30 years, this target puts the Eastside cities on track to have phased out most residential gas furnaces by 2050; a necessary milestone to reach 2050 greenhouse gas emissions reduction targets.

The Eastside cities were successful in reaching 2024 adoption targets, driven by the scale-up of Energy Smart Eastside as well as the change in new construction energy codes that were adopted in March 2024.

Graph 2: percent of permitted residential HVAC retrofits that are heat pumps, 2021-2024



13% of Eastside heat pumps installed in 2024 used an ESE incentive.

“Thank you for arranging installation of a heat pump in my home. With this change, my home has a perfect temperature and keeps us cool in the summer...I am always ready for anything that helps to improve our environment for the future.

-Shahla, Boost program participant



Tabling at Kirkland City Hall for All in 2024

2024 Results by Program Track

ESE has four primary program tracks to reach households across the Eastside and make heat pumps an affordable alternative to gas furnaces.

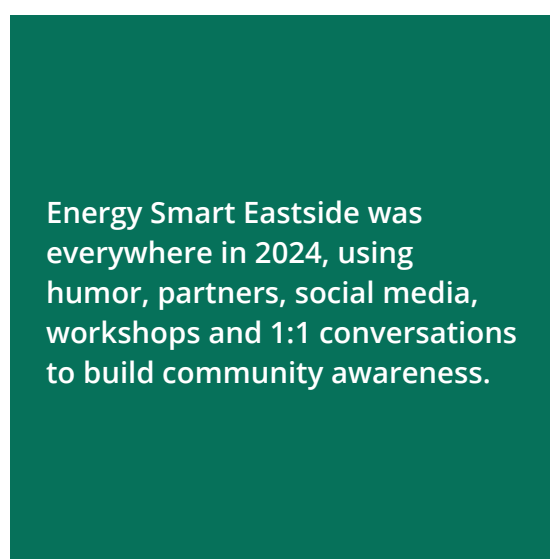
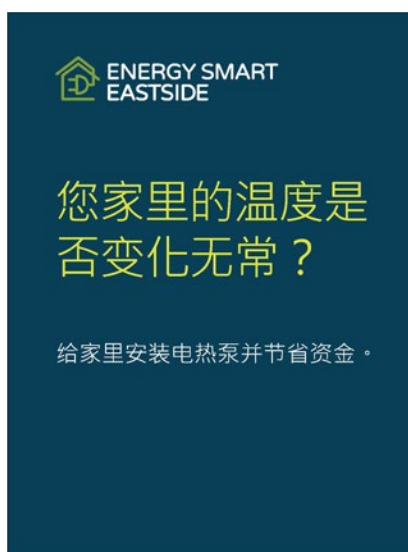
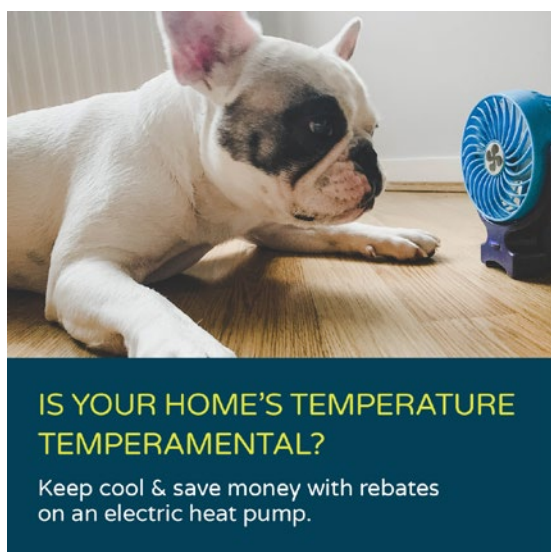
- **Track 1:** Community wide education & outreach
- **Track 2:** Boost low-income & affordable housing heat pump program
- **Track 3:** Moderate income heat pump rebate
- **Track 4:** Market rate heat pump rebate

2024 results for each track are noted below.

EDUCATION & OUTREACH

Incentivizing heat pumps is a widely understood climate mitigation strategy, but consumer familiarity with the technology and available incentives is lower than is required to meet adoption goals. The Energy Smart Eastside education and outreach strategy spans the heat pump buyer journey from generating awareness to providing 1:1 support to homeowners planning a purchase.

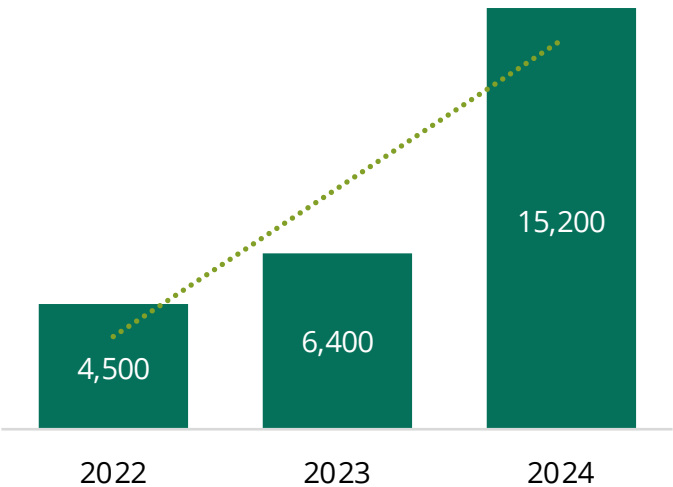
Tactics implemented in 2024 included transitioning education and outreach activities from SparkNW to staff, running a heat pump rebate campaign in partnership with Puget Sound Energy (PSE), contracting with a marketing firm to create a compelling visual identity and run awareness campaigns and increasing grass-roots visibility in the community by tabling at 15 community events, hosting 9 workshops/webinars and staffing 120 1:1 energy advisor appointments.



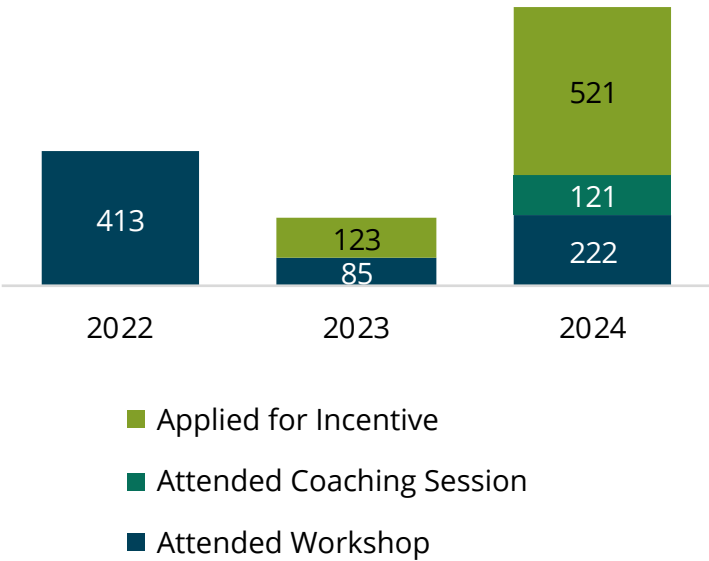
2024 key results include:

- **Awareness:** 3 million transit ad impressions and 1.5 million social media impressions
- **Engagement:** 15,000+ visits to Energy Smart Eastside
- **Action:** 611 residents attending a workshop, coaching appointment or applied for a rebate

Graph 3: Visits to the ESE website 2022-2024 originating in Washington State



Graph 4: residents who took one or more actions to engage with the program 2022-2024



BOOST LOW-INCOME & AFFORDABLE HOUSING HEAT PUMP PROGRAM

Heat pumps are 2-3x the cost of a natural gas furnace, putting an upgrade from a natural gas furnace to a heat pump out of reach for most low-income households. Through the Boost program, Energy Smart Eastside covers 100% of the cost of a heat pump upgrade for homes with a household income under 80% of area median income (AMI), and that are switching from a fossil-fuel based heat source.

In 2024, ESE put the structure in place to significantly scale up service delivery, reduce average install costs and accelerate the pace of delivery. Program partner Hopelink helped ESE enroll a diverse group of homeowners into the program with special emphasis on those that are energy burdened and/or live in areas with lower air quality.

Table 1: ESE scaled delivery in 2024 and has capacity to install up to 200 projects in 2025 with sufficient funding.

Boost Program Installs

City	2023	2024
Bellevue	N/A	42
Issaquah	4	11
Kirkland	4	18
Mercer Island	1	5
Redmond	6	17
Sammamish	N/A	5
Total	15	98

“It is one month since we got the new heat pump...you have improved our quality of life for which we are so grateful. I am not finding any other suitable words than to say thank you from the bottom of our hearts.

-Gyatso and Samten, Boost program participant



Tour of heat pump installations at Acres of Diamonds in Issaquah, 2024

ESE also worked with affordable housing providers across the Eastside to upgrade rental units and adult family homes with heat pumps, leveraging partnerships with King County Housing Authority and Puget Sound Energy to fund and coordinate delivery for many of the units. A highlight was the opportunity to share the impact of our work during on-site heat pump tours with Gov. Jay Inslee and US Rep. Suzan DelBene.

Table 2: Heat pumps installed in affordable housing units, 2023-2024.

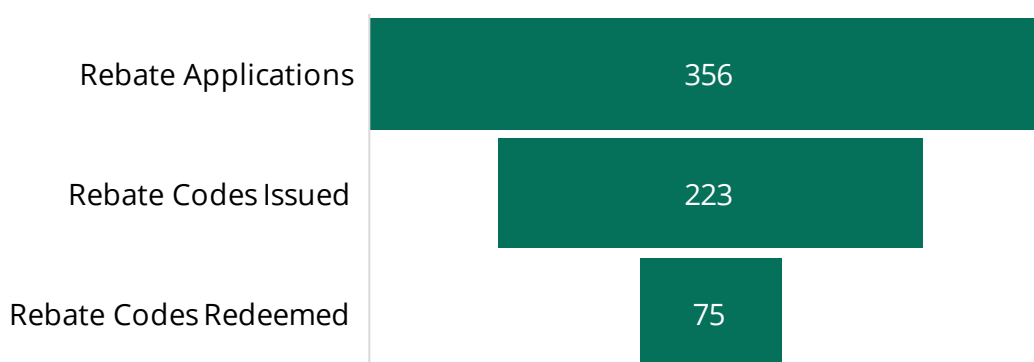
Affordable Housing Installs

City	2023-2024
Bellevue	26
Issaquah	18
Kirkland	27
Redmond	18
Total	89

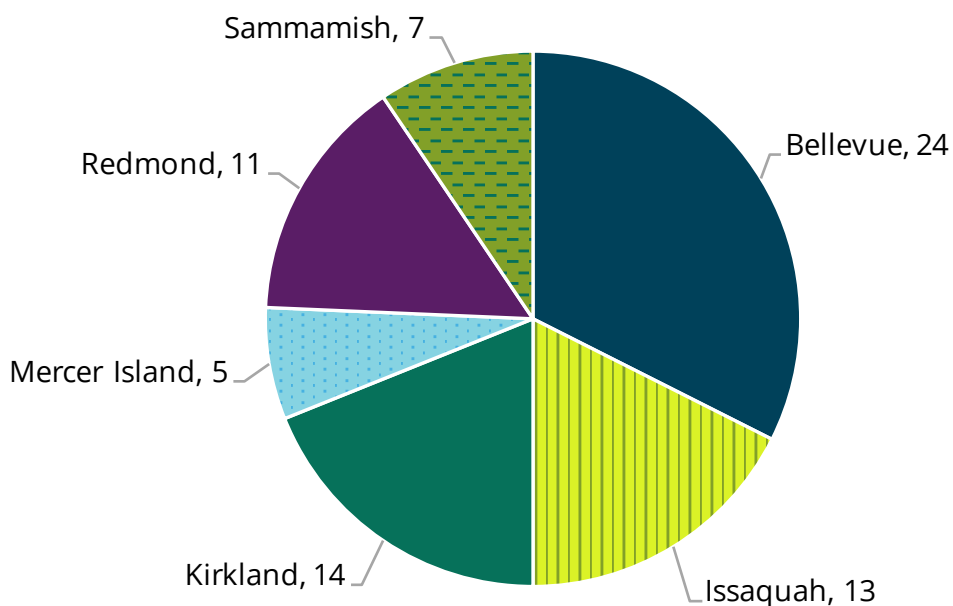
MODERATE INCOME HEAT PUMP REBATE

To support moderate income households switching from gas or other fossil fuel heat sources, ESE offers a \$6000 “fuel switch” rebate to owner-occupied households earning under 150% AMI. Rebates are administered by program partner Gensco and available on Mitsubishi equipment installed by a Mitsubishi Diamond Dealer. The program had strong interest from the community in rebates. Of those who were income qualified, 30% successfully went on to install a heat pump.

Graph 5: Conversion funnel of residents who apply for a rebate, to residents who are qualified for the rebate, to residents who successfully installed a heat pump using the rebate.



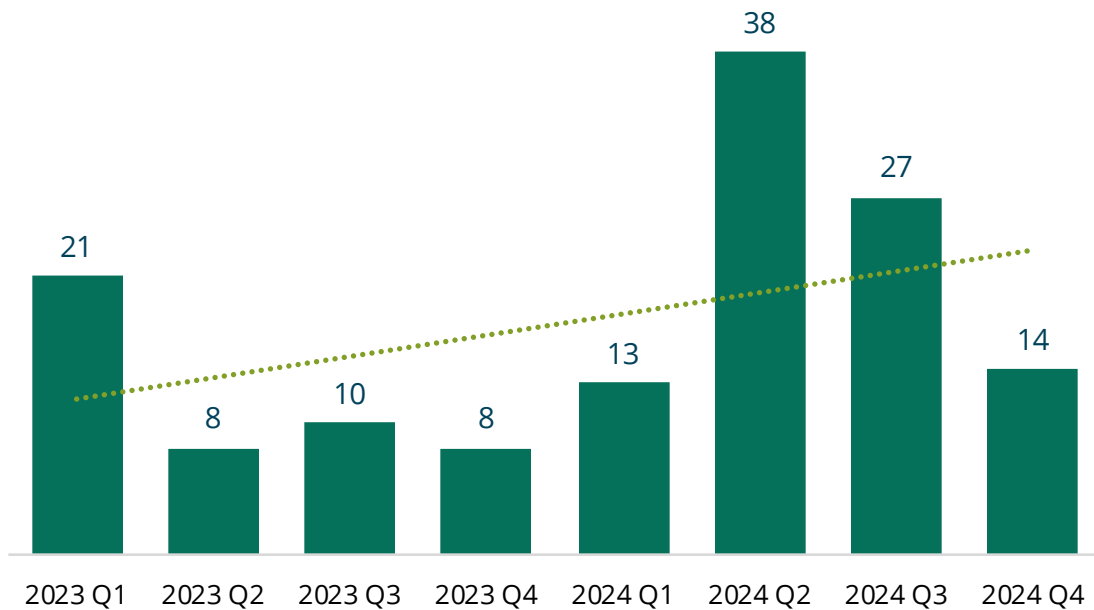
Graph 6: distribution of installed heat pumps using the fuel switch rebate



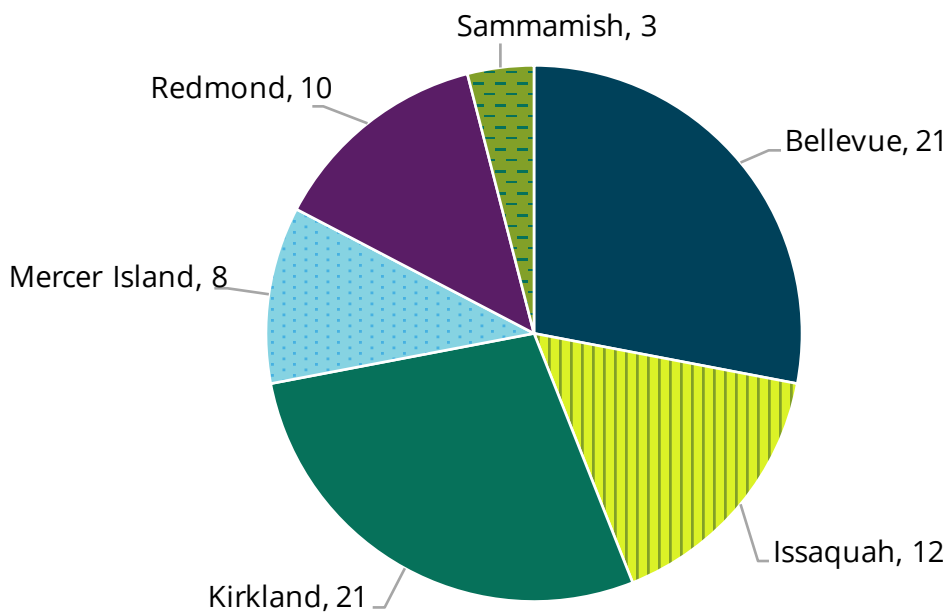
MARKET RATE HEAT PUMP REBATE

Through a partnership with Gensco, all residents of the six Eastside cities are eligible for \$500 off a Mitsubishi heat pump purchased through a Mitsubishi Diamond Dealer. This rebate is not income qualified and is funded through a cost share between the HVAC contractor and the distributor.

Graph 7: heat pumps installed using a market rate rebate, 2023-2024.



Graph 8: distribution of installed heat pumps using the \$500 market rate rebate



2025 Heat Pump Adoption Targets & Strategic Focus Areas

The target in 2025 is that 65% of all residential HVAC sales are heat pumps. To support this target, ESE is focused on the following strategic areas.

1. Drive awareness of benefits of heat pumps through marketing and use of community-based “trusted messengers”

Research shows that people are most responsive to behavior change messages and purchasing messages that are received from their peers. Heat pumps still suffer from public misconceptions about ability to operate well in cold weather and noise. To help with this, Energy Smart Eastside is standing up a multi-lingual volunteer program to train peer energy advisors. Volunteers will staff tabling events, assist at workshops and take 1:1 appointments with Eastside residents seeking to learn more about heat pumps.

2. Increase awareness and access to rebates by broadening the heat pump products and contractors participating in the program.

Energy Smart Eastside was able to quickly launch its rebate program in 2022 by partnering with Gensco who administered the rebate program on our behalf on high quality Mitsubishi heat pumps. Building on that success, ESE is adding another heat pump distributor in 2025 who will administer rebates on high quality Bryant and Carrier heat pumps. The expanded program offers more options to residents and increases rebate participation to some of the largest HVAC companies doing business on the Eastside.

3. Collaborate with the utility and state incentive providers to make the discovery and utilization process as simple as possible for homeowners

We actively collaborate with the Washington State Department of Commerce on their rebate and incentive programs, other municipal energy efficiency programs across the state, King County, and Puget Sound Energy with a goal of simplifying access to rebates and making it as easy and affordable as possible for Eastside residents to upgrade their homes.



We are very happy with our Energy Smart Eastside heat pump. It has been keeping the house warm and comfortable during the winter cold snaps...Glad we switched.

-Keith, Fuel switch rebate program participant



2025 Program Expansion Strategy

Adopting heat pumps is a vital upgrade for Eastside homes to reduce carbon emissions and increase comfort and resilience. But other energy efficiency measures like weatherization and adoption of additional efficient electric appliances is required for Eastside homes to complete the energy transition. Energy Smart Eastside is engaging in a grant funded pilot in Issaquah to offer rebates on a range of efficient electric appliances this spring. Learnings from the pilot, as well as findings from a consulting engagement researching effective efficiency incentives, will inform future Energy Smart Eastside programming.

To find out more about the Issaquah electrification pilot, visit:

issaquahwa.gov/3548/Home-Equipment-and-Appliance-Rebate-Prog

Results from the consulting engagement including program recommendations will be published in Q3 2025 at energysmarteastside.org.

Financials

2023-2024 FINANCIALS

In the last biennium, Energy Smart Eastside was successful in bringing in \$2.81 of grant funding for every city dollar spent.

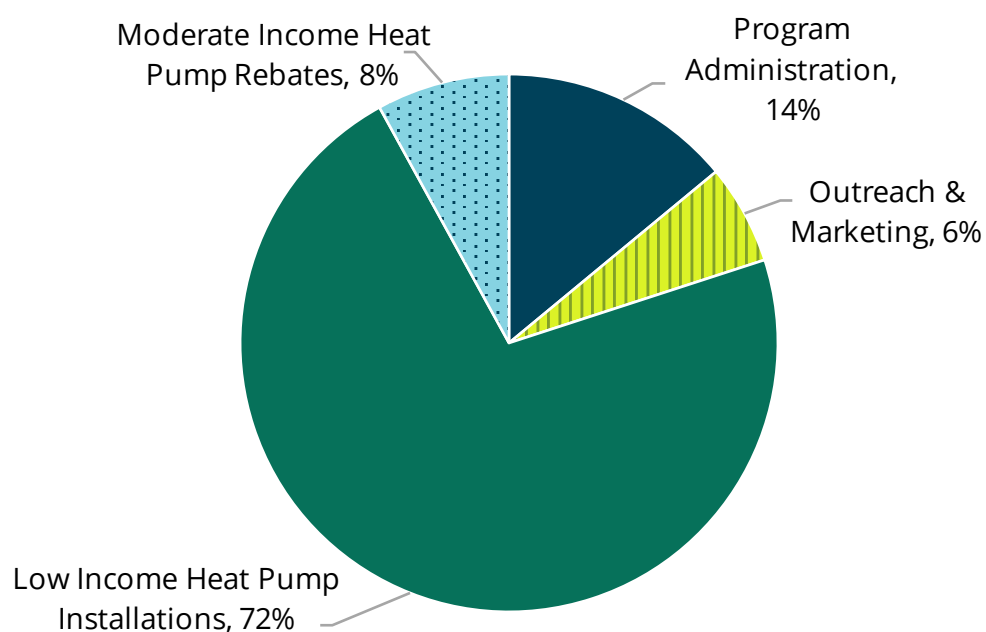
Budget Source	2023-24 Revenues	2023-24 Expenses	2025 Carry Over
Bellevue	\$730,200	\$730,200	
Issaquah	\$391,00	\$306,500	
Kirkland	\$364,000	\$360,600	
Mercer Island	\$32,000	\$32,000	
Redmond	\$453,600	\$436,600	
Sammamish	\$159,800	\$121,800	
Dept. of Commerce HEAR Grant	\$3,151,100	\$119,500	\$3,031,600
Washington State Univeristy CEEP Grant	\$590,000	\$516,000	\$74,000
Puget Sound Energy Grant	\$850,000	\$561,600	\$288,400
Dept. of Commerce Building Electrification Grant	\$1,000,000		\$1,000,000
Total	\$7,722,300	\$3,184,800	\$4,394,000

2025-2026 REVENUES

ESE continuously monitors for grant opportunities and anticipates applying for additional grants within the 2025-26 budget cycle.

Budget Source	2025-26 Budget	Notes
Bellevue	\$873,900	
Issaquah	\$304,000	
Kirkland	\$292,000	
Mercer Island	\$113,000	
Redmond	\$1,300,000	
Sammamish	\$333,640	
Dept. of Commerce HEAR Grant	\$3,031,600	Funding available through June 30, 2025
Dept. of Commerce HEAR Adult Family Home Grant	\$1,500,000	Funding available through June 30, 2025
Washington State Univeristy CEEP Grant	\$74,000	Funding available through February 15, 2025
Puget Sound Energy Grant	\$288,400	Funding available through March 30, 2025
Dept. of Commerce Building Electrification Grant	\$1,000,000	Funding available through June 30, 2025
Total Budget for Biennium	\$9,110,540	

Graph 9: 2024 Expenses by Category



2025 Staff, Advisory Committee & Program Partners

Energy Smart Eastside has a full-time program manager at the City of Bellevue, funding to add two part time staff in 2025, and an AmericaCorps CivicSpark Fellow that supports the program manager.

The advisory committee consists of the sustainability program leads at each city. The success of Energy Smart Eastside is built on a foundation of partnership which supports living wage jobs and economic growth as we pursue equitable electrification in our community. Program partners include:

Rebate Administration

- **Gensco & Airefco Powered by Ferguson** are HVAC distributors who administer the Energy Smart Eastside rebates, provide training to HVAC contractors on the program, and provide community discounts on heat pumps at no cost to the program.

Low-Income Heat Pump Program Administration & Case Management

- **Hopelink** provides income verification, case management and program administration for the Energy Smart Eastside Boost program. Hopelink operates energy assistance programs on behalf of Puget Sound Energy, and is a trusted provider who can connect energy burdened households on the Eastside with the benefits of the program.

Weatherization & Affordable Multifamily

- **King County Housing Authority Weatherization Program** accepts qualified low-income referrals from Energy Smart Eastside for assistance in weatherizing their homes.
- **KCHA** partnered with Energy Smart Eastside and Imagine Housing in 2023 and 2024 to install heat pumps in 84 affordable housing units across Bellevue, Issaquah, Kirkland and Redmond.

Marketing & Outreach

- **Puget Sound Energy** collaborated with Energy Smart Eastside on co-marketing of rebates in 2024.
- **GA Creative** creates and manages the Energy Smart Eastside marketing campaigns

Heat Pump Installations

- **Resicon, Evergreen Home Heating** and **All Climate** provide heat pump installation services for the Energy Smart Eastside Low Income Program
- In-network installers who can offer program rebates can be found at: energysmarteastside.org/installers

