



ENERGY SMART EASTSIDE



2025 Annual Report

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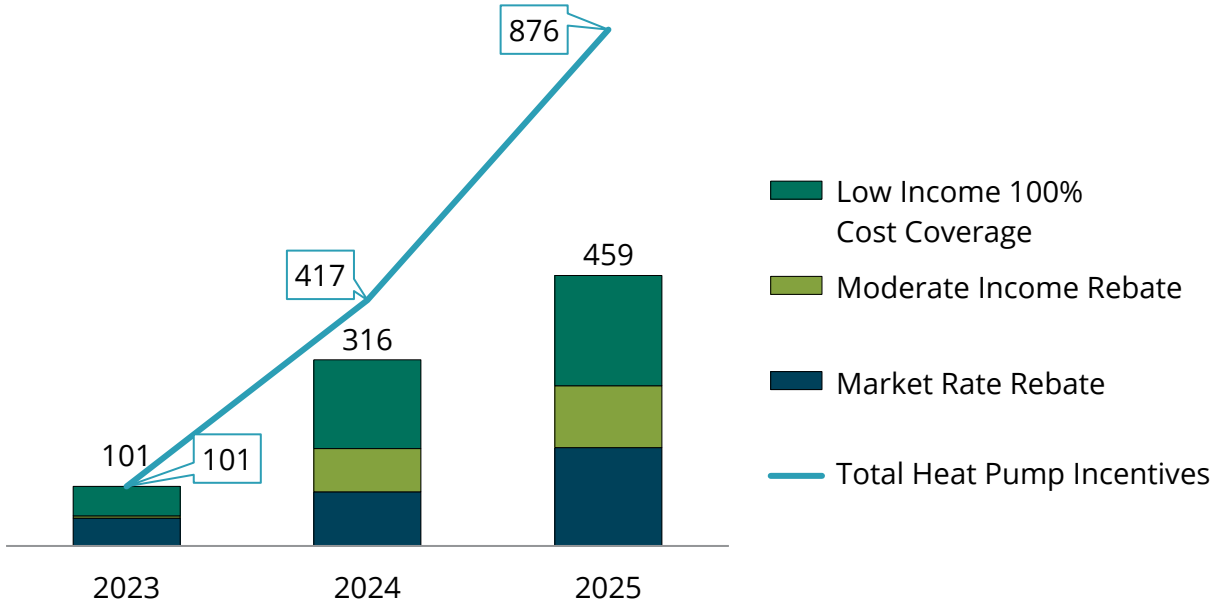
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Executive Summary

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 catalyzes the equitable transition to healthy, energy efficient and resilient homes. 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 2025 and provide an overview of 2026 goals.

2025 brought an expansion to our rebate program, completion of several important retrofit projects benefiting vulnerable residents, and an increase in grass-roots community engagement. The combined efforts increased heat pumps installed through the program 45% in 2025 over the prior year and give the program significant momentum headed into 2026.

Graph 1: Energy Smart Eastside Heat Pump Incentive Utilization Over Time
876 Heat Pumps Installed Since Program Inception



“Your informative and educational program and timely notification helped us quickly coordinate with All Climate, who were professional and efficient throughout...Thanks again for making the entire process smooth and successful.

– Jeanne and Mark, Bellevue

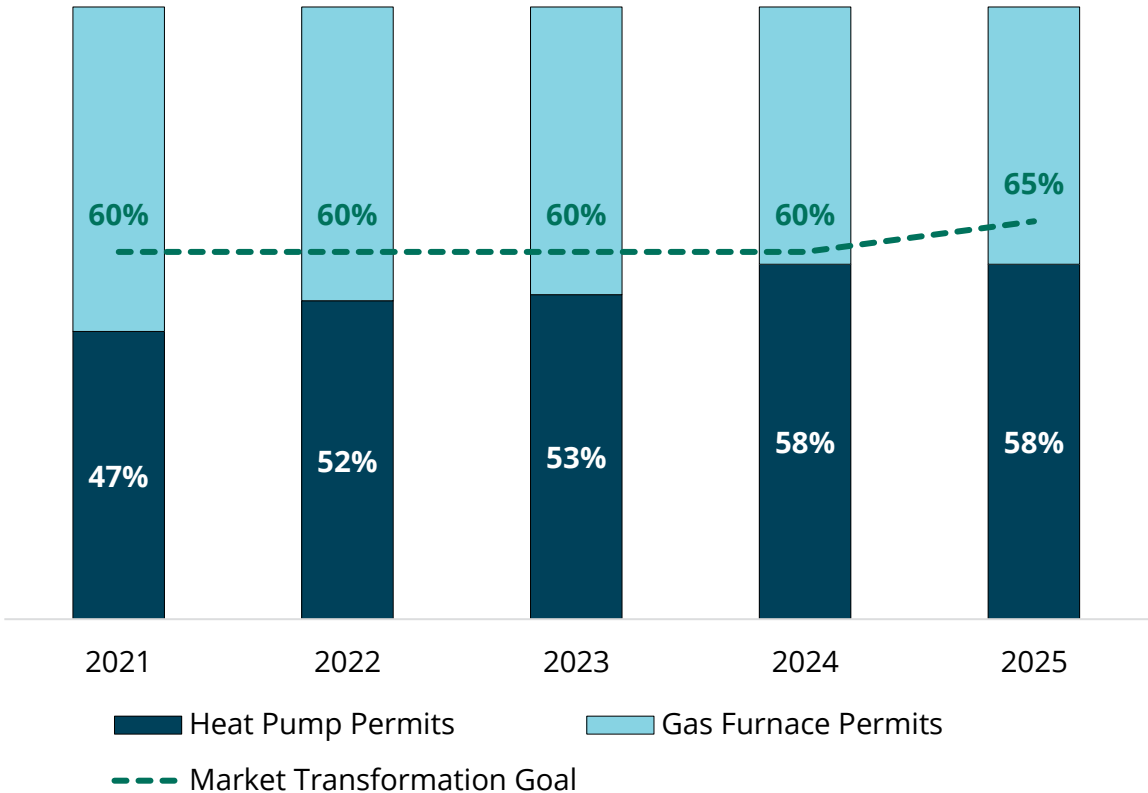
Eastside Heat Pump Adoption Targets & 2025 Outcomes

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.

Analysis of city permit data shows that demand for heat pumps continues to outpace furnaces in 2025, but the pace of growth slowed relative to last year. Nationally, sales data indicate a 6% increase in furnace units shipped and a 6% decrease in heat pump units shipped relative to 2024 . ESE’s strong incentive program was able to hold and maintain modest growth locally in the face of a larger market shift.

Next year, the community must install an additional 400 heat pumps to remain on track.

Graph 2: percent of permitted residential HVAC retrofits that are heat pumps, 2021-2025



18% of Eastside heat pumps installed in 2025 used an ESE incentive.



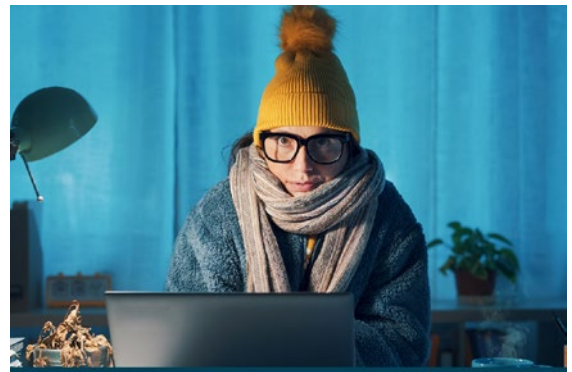
2025 Results by Program Track

Energy Smart Eastside offers three program tracks designed to incentivize heat pump adoption and remove barriers to access. The program begins with a comprehensive mix of marketing, outreach, and education strategies to raise awareness of the benefits of heat pumps, available rebates, access to a qualified installer network, and free heat pumps for income-qualified households. To expand reach and increase engagement, the program leverages trusted community voices, increases choice and affordability, and utilizes grant funding to support households that are especially vulnerable to extreme heat and wildfire smoke.

TRACK ONE: EDUCATION & OUTREACH

Energy Smart Eastside was everywhere in 2025. Highlights include:

- Volunteer program was launched! Peer advisors donated 70+ hours at community events - speaking with their neighbors about heat pumps.
- ESE staffed 30 community events, including several heat pump workshops in English and one offered through a community partner in Mandarin.
- Digital and social media marketing campaigns ran over twelve weeks during the summer “high” season for heat pumps



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WOOF, IT'S HOT OUT!

Get cool with an electric heat pump.

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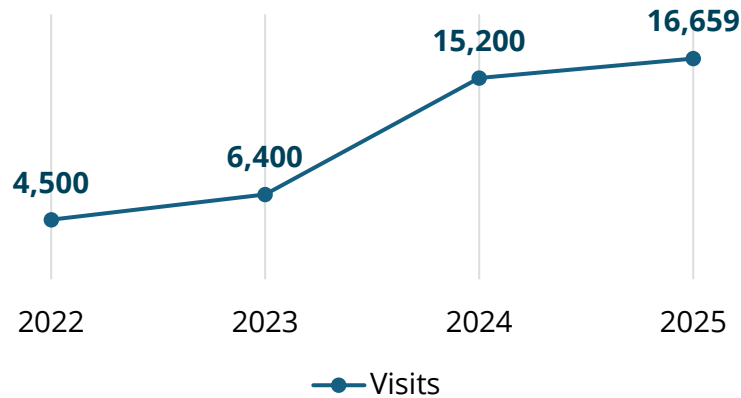


ESE builds community awareness using humor, trusted community partners, social media, workshops and 1:1 conversations.

2025 key results include:

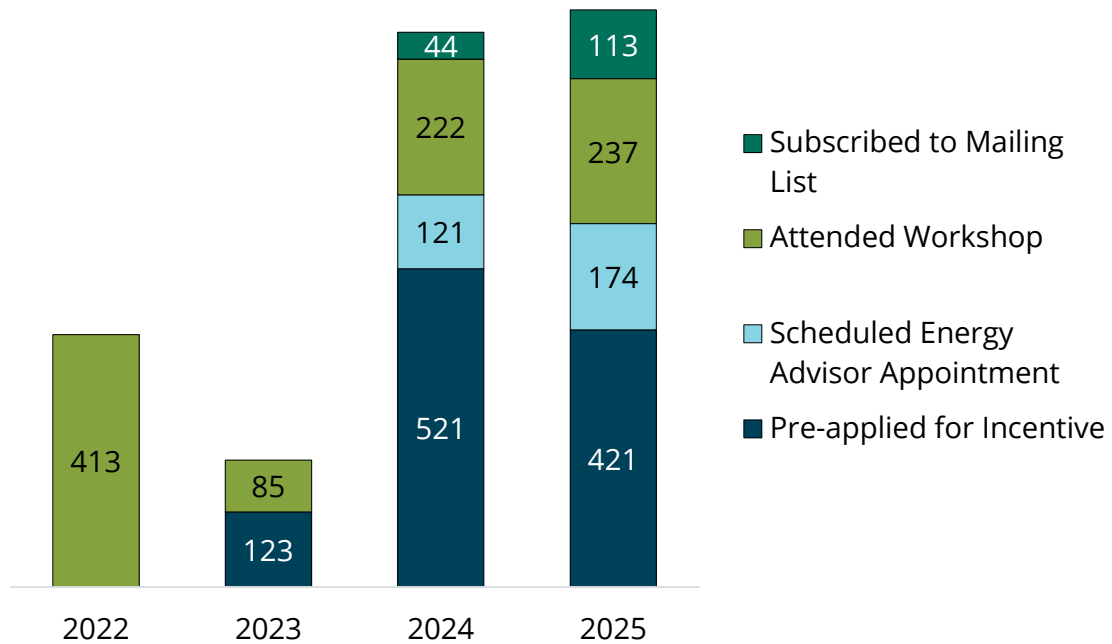
- **Awareness:** 2 million+ social media impressions
- **Engagement:** 16,000+ visits to Energy Smart Eastside
- **Action:** 611 residents attending a workshop, coaching appointment or applied for a rebate

Graph 3: Visits to the ESE website 2022-2025 originating in Washington State



Graph 4: Residents who took one or more actions to engage with the program 2022-2025

945 residents actively engaged with program in 2025



*Note: as of April 2025, residents can get a heat pump incentive through their contractor without pre-applying.

VOLUNTEER SPOTLIGHT

For many homeowners, choosing a heat pump is a major investment—and one that can feel overwhelming without clear, trustworthy information. Time and again, residents told Energy Smart Eastside they wanted unbiased, factual guidance to help them understand their options and make confident decisions. In response, ESE launched a community volunteer program in 2025, grounded in the belief that neighbors can be some of the most effective messengers.

Volunteers received in-depth training on heat pump technology and went on to staff more than 20 community events, where they shared knowledge, answered questions, and helped fellow residents feel ready to take the next step of engaging a contractor. Bellevue resident and multilingual volunteer Lucy was one of them. “I really enjoyed volunteering with ESE and appreciated all the learning opportunities along the way,” she said. “The program aligned closely with my interests in science and technology.”



HEAT PUMP REBATE PROGRAMS

Energy Smart Eastside launched its incentive program in 2022 offering rebates on Mitsubishi heat pumps. This year we expanded our network to offer rebates on Bryant and Carrier equipment in addition to Mitsubishi.

Through generous support of the manufacturers and distributors we partner with, we increased the community discount for participating heat pump brands from \$500 to \$1000 at no cost to the program. Income-eligible residents are able to get an additional \$5000 instant rebate on heat pumps.

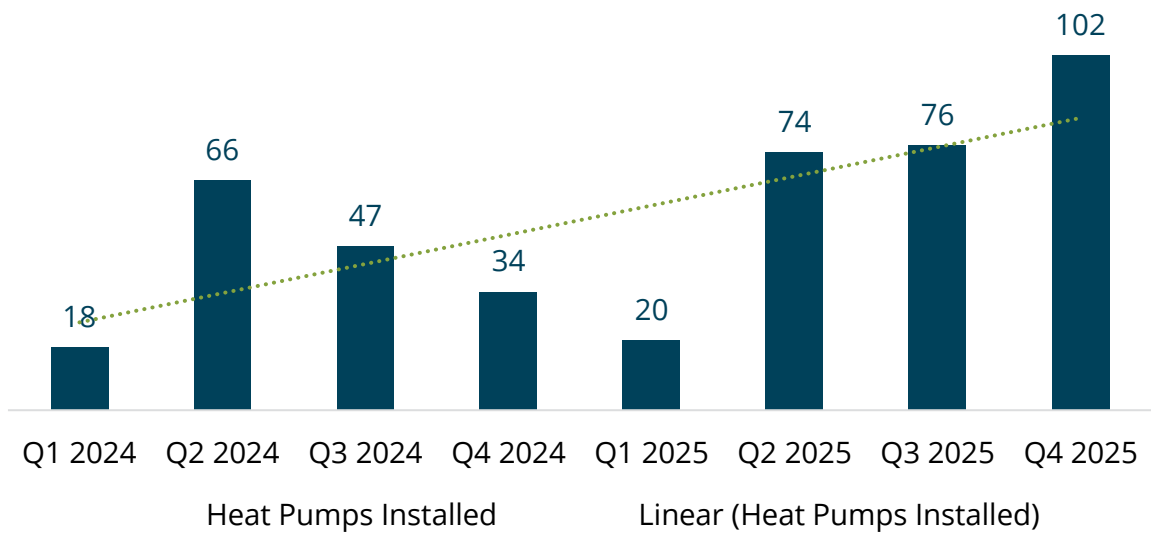
The program expansion increased options and affordability for Eastside residents and resulted in a **65% increase** in rebate utilization in 2025.



Before this project, our HVAC system was over 25 years old and had become increasingly unreliable...I had no idea which part might go next, and the uncertainty has been stressful for my family. Thanks to this project, that fear has been lifted. Knowing we now have a modern, reliable system in place gives my family and me real peace of mind heading into next winter.

– Quoc, Bellevue

Graph 5: Heat pump installs using ESE rebates 2024-2025

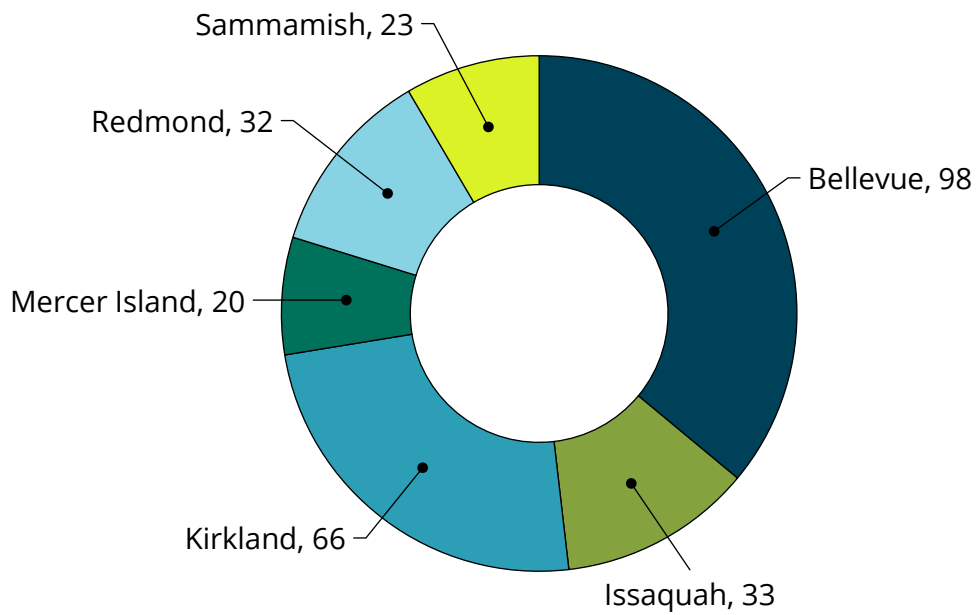




Many thanks to you and your manager for making this rebate possible! It certainly does sway one to consider going fully electric... Thanks for making it a lot less painful!

– Ruth, Bellevue

Graph 6: Heat pump installs using ESE rebates, by city, 2025



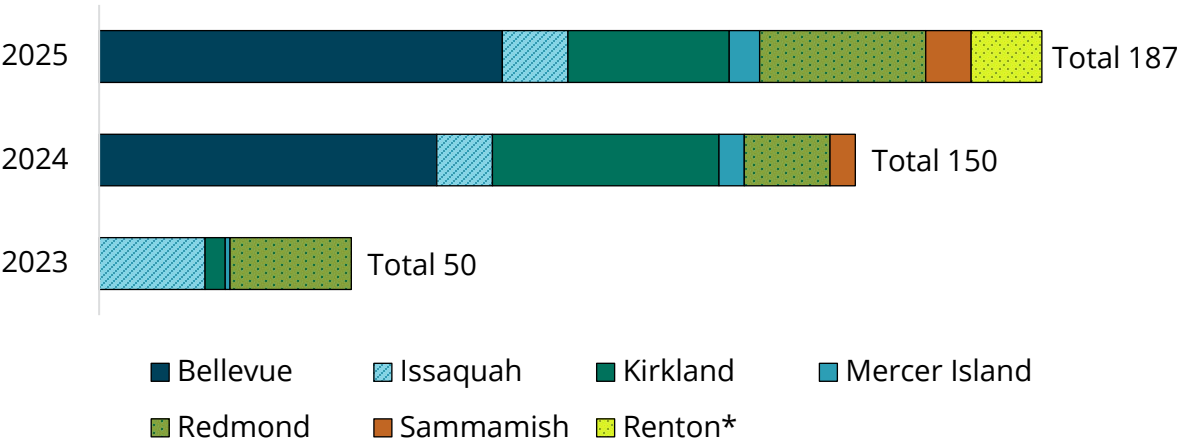
BOOST LOW-INCOME & AFFORDABLE HOUSING HEAT PUMP PROGRAM

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 many lower-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).

In 2025, ESE coordinated a record number of Boost installs through program partner Hopelink. Major highlights include:

- 51 Adult Family Homes and 3 supportive houses for developmentally disabled adults were retrofitted with heat pumps, benefiting 300+ vulnerable residents
- City of Renton Home Repair program referred 14 households to ESE with furnaces at end-of-life. ESE was able to replace the furnaces with heat pumps through a grant-funded partnership.
- 10 free heat pumps were made available to income-qualified seniors at the Silver Glen Senior Co-op; part of a larger project resulting in displacement of 33 furnaces.

Graph 7: 187 heat pumps were installed at no cost to income qualified households



“We sincerely thank you and Hopelink for the most generous opportunity involving the install of (a) heat pump. The installation was quick, professional and very entertaining for our adult family home residents to watch! Words really can’t do justice for the immense will benefit our residents beyond words.”

– Dan and Lee, Greenwood Point Creekside Adult Family Homes



Extremely grateful and thankful that this program even exists! ...the equipment is great and runs efficiently. The contractors were very pleasant to work with. This program is especially important, as our residents, being older are more vulnerable to heat, so this has been a great opportunity.

– George, All Star Adult Family Homes

Strategic Focus Areas

ESE completed an engagement with Resource Innovations to identify the most impactful ways that the program can support residential decarbonization on the Eastside. The community-informed findings chart our course for the next three years. Many of these strategies also support long-term resilience of our electric grid.

1. **Continue to focus on heat pumps as a priority measure.** ESE will continue to incentivize transition from gas furnaces to heat pumps. In 2026, heat pump incentives will expand to support transition away from inefficient electric heat and income-qualified renters.
2. **Cross promote Puget Sound Energy weatherization measures.** PSE provides deep instant rebates on major weatherization measures for homes built before 1989. Weatherization is a proven way to save money, reduces energy use and increase comfort. These measures are incredibly impactful when implemented across the 54% of Eastside homes built before modern insulation standards.
3. **Lay the foundation for a transition to heat pump water heaters.** Water heating is typically 30% of the energy use in the home and gas water heating is very common in single family homes. Heat pump water heaters are 3-4x more efficient than a traditional water heater, but still only account for 2% of all water heaters installed. Educating households, contractors and establishing incentives are essential to increasing the penetration of this energy-saving technology.

2026 Targets

- 70% of residential HVAC permits (retrofits) are heat pumps. This is an aggressive but do-able goal. The City of Seattle reports that they are already at 70% replacement rate of gas and oil furnaces with heat pumps.
- Use of PSE weatherization incentives on the Eastside increases 10+% over previous year.

If successfully met – these outcomes will result in 93,000 metric tons of CO₂ averted over the next 15 years.

Financials

2025-2026 FINANCIALS

Approximately two-thirds of funding this biennium is sourced from state and utility grants, and one-third from the partner cities. 83% of expenses in 2025 went directly to heat pump and other electrification incentives.

Additional grant awards of \$1-2m are possible in 2026. Total grant opportunities are projected to decrease substantially in 2027-2028 biennium.

Table 1: 2025-2026 Budget and Expenses, by Budget Source

Budget Source	2025-2026 Budget	2025 Expenses	2026 Budget Remaining
Bellevue	\$873,900	\$(346,400)	\$527,500
Issaquah	\$304,000	\$(156,500)	147,500
Kirkland	\$197,000	\$(52,800)	147,500
Mercer Island	\$113,000	\$(36,200)	76,800
Redmond	\$1,100,000	\$(56,900)	\$1,043,100
Sammamish	\$333,600	\$(197,300)	\$136,300
Dept. of Commerce Climate Planning Grant - City of Bellevue	\$40,000	\$(40,000)	-
Dept. of Commerce Climate Planning Grant - City of Redmond	\$30,000	\$(30,000)	-
Dept. of Commerce HEAR Grant	\$3,031,600	\$(2,502,400)	\$529,200
Dept. of Commerce HEAR Adult Family Home Grant	\$1,500,000	\$(1,478,300)	\$21,700
Dept. of Commerce Building Electrification Grant	\$1,000,000	\$(604,400)	\$395,600
Puget Sound Energy 2024 Building Decarbonization Grant	288,400	\$(288,400)	-
Puget Sound Energy 2025 Building Decarbonization Grant	\$400,000	\$(107,100)	\$292,900
Total	\$9,211,500	\$(5,896,700)	\$3,314,800

2025 Staff, Advisory Committee & Program Partners

Energy Smart Eastside has a full-time program manager at the City of Bellevue, two part-time staff, and two contract staff, including a Fellow from **SEI Climate Corp.**

The advisory committee consists of the sustainability program leads at each city. Program partners include:

Rebate Administration

- **Gensco & Airefco Powered by Ferguson** are HVAC distributors who administer 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 connects energy-burdened households on the Eastside with the benefits of the program.

Weatherization & Affordable Multifamily

- **King County Housing Authority (KCHA) Weatherization Program** accepts qualified low-income referrals from Energy Smart Eastside for assistance in weatherizing their homes. In 2023 and 2024 KCHA partnered with ESE to install heat pumps in 84 affordable housing units managed by Imagine Housing.
- **Puget Sound Energy** offers generous rebates that can reduce the cost of a typical weatherization project by 60%. Energy Smart Eastside educates homeowners on the benefits of weatherization and cross promotes PSE weatherization incentives.

Marketing & Outreach

- **GA Creative** creates and manages the Energy Smart Eastside marketing campaigns
- **Community volunteers** donated over 70 hours in 2025 – educating the public at community events, farmers markets and neighborhood workshops.

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



(the heat pump) is not burning fossil fuel which really appealed to me. Even though we claim natural gas is green, it really isn't...Not only have I recommended a heat pump to my neighbors, but I have recommended to my daughter who lives in the Lake Hills neighborhood and she's getting ready to get one.

– Lynn, Silver Glen Senior Co Op Resident



