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Governor

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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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Director

To: The Public Service Commission of Utah

From: The Office of Consumer Services
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The Division of Public Utilities
Phil Powlick, Director
Artie Powell, Energy Section Manager

Date: July 15, 2010

Subject: Schedule 115 – Commercial and Industrial Energy Efficiency Incentives Optional for Qualifying Customers Program (FinAnswer Express)
Advice No. 10-08 Docket No. 10-035-T09

On June 24, 2010, Rocky Mountain Power (Company) filed Advice Letter No. 10-08 proposing changes to tariff Schedule 115 – Commercial and Industrial Energy Efficiency Incentives Optional for Qualifying Customers Program.

The Company explains that the proposed modifications to the Program are intended to align the Program qualifications with changes to standards that were effective January 1, 2010.

In this application a new partial load cooling efficiency metric is added to qualify efficient cooling equipment eligible for incentives. The Company requests approval to pay customer incentives for cooling equipment, purchased between January 1, 2010 and the effective date of an order for this filing, using an IEER rating that meets the minimum efficiency requirements in Table 3a in the filing. IEER[1] is a new part load cooling metric that replaces the previous Integrated Part-Load Value (IPLV) metric.

Through discussions with the Company the Office understands that they have been working with HVAC dealers and vendors regarding the change from an IPLV rating to an

[1] The Consortium for Energy Efficiency is currently reviewing the IEER metric and manufacturer equipment data and expects to have a revised specification for unitary air conditioners and hear pumps later this year.

IEER, continuing to encourage the promotion of higher efficiency equipment. Further, the Company had anticipated that there would be more overlap with manufacturers utilizing the IPLV and IEER simultaneously for a time, which has not necessarily been the case. In the filing the Company explains that allowing incentive payments going back to January will “maintain continuity of the program offer for high efficiency cooling equipment during the start of the cooling season”.

The Office initially had concerns with the potential for free ridership by allowing incentive payments back to January 1, 2010. We understand the desire for continuity of the Program in the early cooling season, however, January 1 seems to fall outside of that boundary. We do however, believe that since the rating metric changed in January and discussions with dealers were occurring it could cause some confusion or distrust for the Program if equipment that was sold or purchased based on the new metrics is denied incentives. While the free ridership issue still exists the Company has indicated they currently have only two applications that meet this qualification, however they may receive more.

Based on the Company’s explanation the Office does not object to the request to make incentive payments available for equipment purchased between January 1, 2010 and the effective date of an order for this filing as explained in the Company’s application. The Office recommends that the order include a cautionary note for the Company that this type of “retroactive” incentive is the exception and it should not anticipate similar allowance in the future.

The Office is generally supportive of matching demand side management measures and programs with applicable standards and codes[2] and does not object to the modifications proposed by the Company in this filing. We are concerned that this filing was made approximately six months after the changes identified in the filing took effect and encourage the Company to be more timely in future filings.

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[2] There are instances where adhering to standards and/or codes may not make the best sense for a measure/program. These instances would be evaluated on an individual basis.