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Department of Commerce

Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Brenda Salter, Technical Consultant

Date: September 12, 2012

Re: Docket No. 12-035-T12, RMP Advice No. 12-13, Proposed Changes to Schedule 111 Home Energy Savings Incentive Program and Cancellation of Schedule 113 Evaporative Cooling and Central Air Conditioning Incentive Program (Cool Cash Incentive Program). The Division recommends the approval of Rocky Mountain Power's proposed changes.

RECOMMENDATION (Approval with Condition)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) proposed changes to the tariff sheets for Schedule 111, the Home Energy Savings Incentive Program, once the Company has provided updated tariff sheets including the missing incentives as described below, and incorporate Schedule 113 Evaporative Cooling and Central Air Conditioning Incentive Program into Schedule 111.

ISSUE

On August 20, 2012, the Company filed its revised Utah Tariff Schedule 111 Home Energy Savings Incentive Program. Specifically, the Company requested to cancel Schedule 113 and to modify Schedule 111 by incorporating high-efficiency cooling systems, aligning program

incentives with revised measure costs, and adding several new qualifying measures. On August 20, 2012, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 111 and report its findings and recommendation to the Commission by September 12, 2012. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Company is proposing modifications to the Home Energy Savings Incentive Program, Schedule 111, to introduce new energy efficiency opportunities and align program incentives with revised measure costs, savings estimates, and standards. The Company proposes to incorporate Schedule 113, Cool Cash, into Schedule 111 and discontinue Schedule 113 along with the incentives for ceiling fans. The Company also proposes to clarify that incentives are available to verified property owners, landlords, property management companies or home owner associations, as third-party entities responsible for the properties.

The Company's proposed new qualifying measures are:

- Light-emitting diodes (LEDs) with a maximum retail/manufacture incentive of \$14.00, managed like the current CFLs program;
- Electrically commutated motors for 95% efficient natural gas furnaces with a customer incentive of \$200 and a trade ally incentive of \$50;
- 20% above federal standard high efficiency freezers with an incentive of \$20 for standard and compact size freezer units;
- Qualifying Energy Star high efficiency heat pump water heaters with a customer incentive of \$300 and \$100 to contractors;
- Portable evaporative cooler incentive of \$50 with a minimum size of 2,000 CFM to encourage a more efficient alternative to room air conditioners; and

- An incentive of \$200 for whole house Super Bundle when a customer installs attic insulation, seals and insulates ductwork, installs a properly sized and installed 15 seer and 12.5 EER central air conditioner and a 95% AFUE gas furnace with ECM blower all at the same time.

The Company's proposed modifications to the current program include the following:

- Removing the tiered incentive structure for attic insulation and offering incentives to the existing higher tier with a final insulation level of R-38, having the effect of lowering the proposed incentive in each category based;
- Increasing the incentive for contractor installed floor insulation to \$0.65 limited to electrically heated homes;
- Increasing the incentive for wall insulation to \$0.65 per square foot for electrically heated homes and is proposing to add an incentive for self-installed work;
- Increasing the insulation spiff from \$200 to \$300 for insulating two areas in the home by the same contractor at the same time;
- Changing the savings baseline to the Tier 1 window incentive to a U-factor of 0.30 or lower, SHGC 0.30 or lower and adding a Tier 2 incentive for R-5 windows with a U-factor of 0.22 or lower;
- Increasing the price on CFLs due to the rising costs of phosphors¹;
- Aligning the clothes washer incentive to float with the Consortium for Energy Efficiency (CEE) standards; RMP Tier 1 would follow CEE Tier 2 standards at a \$35 incentive and RMP Tier 2 follows CEE Tier 2 standards plus 18% with a \$50 incentive;

¹ Company filing, p. 15, Table 15.

- Discontinuing the incentive for compact size model dishwashers and aligning the standard size dishwashers to CEE Tier 1 specifications with no change to the \$20 incentive²;
- Increasing the EF requirements for all tank sizes of electric water heaters to 2015 federal standards;
- Increasing the incentive for HVAC tune-ups to \$100;
- To encourage the purchase of higher efficiency refrigerators the proposed modification would align with CEE Tier 3 specifications with an increased incentive of \$40;
- Increasing the final R-value from R-6 to R-8 for duct insulation and requiring 100% of the duct work in unconditioned space be sealed and insulated; also a stand-alone incentive of \$200 to customer and \$50 to contractor for duct sealing in an electrically heated home with previously installed insulation greater than R-2;
- Discontinuing the incentive for ceiling fans due to changes in federal standards; and
- Adjusting the CFL savings as the Energy Independence & Security Act (EISA) standards become effective.

The proposed language change to incentive payments will allow the Company to pay incentives to whoever is managing and spending money on a project.

In addition, the Company is proposing to implement a Utah Qualified Weatherization Trade Ally Network modeled after Questar's weatherization network where trade allies undergo industry certification and/or program training to ensure high quality installations.

The Company proposes canceling Schedule 113 (Cool Cash Incentive) and integrating the incentives for cooling products and installation into Schedule 111 (Home Energy Savings).

² Water heat restrictions were removed from the clothes washer and dishwasher incentives.

The above measure changes and additions were discussed in DSM Advisory Group meetings held on December 7, 2011, and January 24, 2012, respectively. A draft filing of the changes was sent to DSM Advisory Group members on July 23, 2012. Comments from parties were incorporated into this filing.

FINDINGS

The Division identified a few missing items in the revised tariff sheets. For example, on Sheet 1, Table 1 did not contain the CFL incentive for Daylight (4500 + Kelvin) not-to-exceed price of \$4.00. Also, Sheet 111.3 did not include the new measures for LED incentives. Sheet 111.4 did not contain the new measures for the electrically cooled and electrically heated self install Wall Insulation incentives.

After discussions with Company personnel on August 29, 2012, the Division requested expedited treatment of DPU Data Request set 1, which was submitted the same day in order to clarify the missing information. The Company's response to DPU DR 1.2 was sent to the Division on September 7, 2012. The Company states in its response that the missing items will be added to Tariff Schedule 111 but does not specify a date. The Division recommends that the Company file a corrected Schedule 111 prior to the Commission approving this filing.

Another issue the Division discovered is that the Company's initial filing did not include a copy of the Company's Weatherization Program manual that provides the structure and installation standards of the proposed Weatherization Trade Ally Network. The Division was unable to locate an electronic copy of the manual for review prior to recommending approval of this filing. Company personnel directed the Division to request a copy through an expedited data request. The Division sent out DPU Data Request set 1 on August 29, 2012. The Company provided a copy of the Weatherization Program manual on September 7, 2012.

CONCLUSION

The Division concludes that the proposed program is cost-effective with the Utility Cost Test for the overall program exceeding 1.0. The overall program Utility Cost Test with a medium carbon

cost assumption is 2.17, which is consistent with the Commission's goal of promoting cost-effective DSM programs as measured by the Utility Cost Test.

The Division recommends approving the filing but requests the Company provide a corrected Tariff Schedule 111 that includes the CFL incentive for Daylight (4500 + Kelvin), the LED incentives, and the self install Wall Insulation incentive prior to the Commission approving the Company's filing.

CC: Carol Hunter, RMP
Michele Beck, OCS
Service List