



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: April 13, 2015

Re: **RMP Advice No. 15-05, Proposed changes to Schedule 140 – Non-Residential Energy Efficiency**

Docket No. 15-035-T04

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (RMP or Company) proposed changes to the Non-Residential Energy Efficiency Program.

ISSUE

On March 30, 2015, the Company filed modified tariff pages to Utah Tariff Schedule 140 Non-Residential Energy Efficiency Program adding a midstream delivery channel for LED lamps sold to commercial and industrial (C&I) customers. The proposal also includes changes to small air conditioners and heat pumps to align them with updated federal standards. On March 30, 2015, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 140 and report its findings and recommendation to the Commission by April 14, 2015. On March 31, 2015, the Commission issued a Notice of Filing and Comment Period allowing

interested parties until April 14, 2015 to provide comments. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Company proposes modifying tariff Schedule 140 to include updated federal codes along with the addition of a midstream delivery channel for LED bulbs sold to commercial and industrial customers.

On January 1, 2015, federal manufacturing standards changed for single phase air conditioners and heat pumps less than 65,000 BTU/hr. In order to align with this change, the Company is proposing incentives for equipment meeting CEE Tier 2 at the \$50/ton level. It is anticipated that this change will not have a material impact on cost effectiveness.

The Company is proposing to add a midstream delivery channel for LED lamps sold to C&I¹ customers. Company approved and qualified distributors² would provide an incentive offer to customers at point-of-purchase. The distributors are obligated to collect and report the transactional details to the program administrator to receive reimbursement. The Company will hire an administrator to qualify and approve distributors for the measure. The measure will be closely monitored by the administrator to ensure qualified distributors are following the agreed upon terms and conditions.

The proposed measure will initially focus on providing incentives for the most commonly available LED products and form factors in a commercial setting. The measure is intended to cover approximately 30-40% of the incremental lamp cost with a cost cap of 70% of the measure cost to ensure a minimum customer co-pay after incentive. The incentive amounts per lamp will be explicitly defined on the Company's website. It is the Company's intent to make adjustments to the incentive amount periodically when market conditions warrant. When the Company needs

¹ Customers eligible to participate are customers currently defined in Schedule 140.

² Contractors are not eligible to participate at point-of-purchase but can offer wattsmart Business incentives when qualifying lamps are resold to C&I customers as part of a lighting retrofit.

to make adjustments it will provide a 45 day notice on its website announcing the coming change.

C&I customers will still be able to purchase qualifying LED products from a non-participating vendor and apply for the incentive after purchase and installation.

The cost effectiveness analysis for the program was calculated by Cadmus. The measure is cost effective in four of the five standard cost tests with a Total Resource Cost Test of 2.35, Total Resource Cost Test + Conservation Adder of 2.59, Utility Cost Test of 3.83, Participant Cost Test of 3.05, and Rate Impact Test of 0.83.

The Company provided an overview of the changes to the DSM Steering Committee on October 14, 2014. On February 27, 2015, a draft filing was provided to the DSM Steering Committee. The Division participated in the draft review and provided comments to the Company.

CONCLUSION

The Division concludes that the proposed program is cost-effective and is consistent with the Commission's goals to promote cost-effective DSM programs. Therefore, the Division recommends that the Commission approve the Company's proposed modifications to Electric Service Schedule 140.

CC Kathryn Hymas, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List