



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: August 18, 2016

Re: **RMP Advice No. 16-10, Proposed changes to Schedule 140 – Non-Residential Energy Efficiency**

Docket No. 16-035-T11

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 August 5, 2016, the Company filed modified tariff pages to Utah Tariff Schedule 140 Non-Residential Energy Efficiency Program requesting to reinstate a restructured enhanced small business offering. On August 5, 2016, 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 August 22, 2016. On August 9, 2016, the Commission issued a Notice of Filing and Comment Period allowing interested parties until August 19, 2016 to provide

comments with reply comments due August 26, 2016. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

On July 1, 2015, the Commission suspended the enhanced incentive for small business customers because if left in place the program would exceed the 2015 budget and kWh goal by approximately 500% and 400% respectively. The Company is proposing in this docket to reinstate the program with a restructured enhanced offering for small businesses that will align with the 2016 proposed budget¹ and is shown to be cost effective.

On July 22, 2016, the Company provided a draft copy of the proposed changes to the DSM Steering Committee. The Division reviewed and provided recommendations to the Company on the draft proposal. The Division's recommendations and those of other members of the DSM Steering Committee are included in this filing.

The Company is recommending to reinstate the small business offering as a direct install program for retrofits. Certified and/or licensed contractors will provide direct installation energy efficient measures to small business customers in geo-targeted locations throughout the Company's service territory. Participation will be limited to target locations in order to promote program cost-effectiveness.

The Company proposes a small business project cost incentive with a maximum not-to-exceed or "up-to" amount for both the incentive per facility and the required customer co-pay. The program is cost effective at a maximum incentive level of \$5,000 however, the initial incentive amount offered to small business customers will be \$4,000 per facility. The customer is required to pay a minimum co-pay amount that will range between 10 percent and 25 percent of the project costs. The initial co-pay will be set at 25 percent. As with other DSM programs, the "up-to" language in the tariff will allow the Company the flexibility to adjust incentive levels in response to market changes, efficiency standards, and align with program budgets. Current

¹ Docket No. 15-035-48 – Rocky Mountain Power's Demand Side Management November 1st Deferred Account and Forecast Report.

offered incentive levels will be listed on the program website. Any changes to the incentive level will be prefaced with a 45 day notice on the program website and will be communicated to stakeholders.

The Cadmus cost effectiveness analysis for the program is provided in Exhibits C and D. The proposed small business enhance incentive program is expected to be cost effective as well as the overall wattsmart Business Program including the small business enhance incentive.

CONCLUSION

As proposed, the enhanced incentive for small business appears to have the structure needed to help avert a run on the program as was previously seen in 2015. 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 Bill Comeau, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List