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: September 28, 2017

Re: **RMP Advice No. 17-13, Proposed changes to Schedule 111 – Residential Energy Efficiency**

Docket No. 17-035-T12

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 Residential Energy Efficiency Program (Program).

ISSUE

On September 8, 2017, the Company filed modified tariff pages to Utah Tariff Schedule 111 Residential Energy Efficiency Program requesting changes to the Program. On September 8, 2017, 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 25, 2017. Subsequently, the Commission issued a Notice of Filing and Comment

Period allowing interested parties until September 28, 2017 to provide comments, with reply comments due October 5, 2017. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Company is requesting two changes to the Program. First, to remove offerings from the tariff sheet that expired January 1, 2017 and second, to add a new custom multi-family offering.

The offerings to be removed were previously discussed and agreed upon in Docket No. 16-035-T13, Proposed Changes to Schedule 110, New Homes Program and Schedule 111, Home Energy Savings Program.

The Company is proposing a new custom multi-family program to address targeted hard to reach market rate and low-income multi-family property owners to implement comprehensive energy efficiency retrofits. An energy audit will be completed to provide customers with a range of energy efficiency options that the customer could then choose to complete all of the qualifying options or select specific qualifying upgrades. Qualifying incentives may include; appliances, building shell, HVAC, lighting, weatherization, and water heating.

Low-income properties or market rate properties will be determined based on whether household income is below or above 80 percent of the median earned income of the area. Incentives will be based on kilowatt hours saved from the customer's project up to a percentage of the total project cost. Low-income property owners will receive a maximum of up to $0.30/kWh up to 100 percent of total project cost and market rate properties will receive a maximum of up to $.25/kWh up to 70 percent of project costs. Select projects will be verified post installation against the project specifications of the energy audit. The proposed changes align with the Company's November 1, 2017 Budget and Savings Forecast Report numbers.

The Navigant cost effectiveness analysis for the multi-family program is provided in Exhibits C, D, and E. The proposed changes to the program are expected to be cost effective at the program level for the Utility Cost Test (UTC) and the Participant Cost Test (PCT). The proposed changes do not pass the Total Resource Cost Test (TRC) or the Total Resource Cost Test + Conservation Adder (PTRC). The multi-family cost effectiveness was analyzed using the results from PacifiCorp's 2017 Class 2 Demand Side Management (DSM) Decrement Study (2017 Decrement Study).[1] The 2017 Decrement Study findings showed the value of Class 2 DSM has decreased relative to the 2015 study due to multiple factors including reduced marked prices, reduced loads, changes in the transmission and distribution credit value, and lower costs of CCCTs and renewable resources for the 2017 IRP as compared to the 2015 IRP. Based on the change in decrement values from the 2015 Decrement Study to the 2017 Decrement Study, Class 2 DSM programs will be less cost effective.

In the June 13, 2017 Steering Committee Meeting, the Company provided the basic design and implementation time frame of the proposed multi-family program. On September 5, 2017, the Company provided a draft copy of the proposed changes to the DSM Steering Committee. The Division reviewed and provided initial comments to the Company on the draft proposal.

CONCLUSION

As proposed, the multi-family program changes appear to be cost-effective in all but the Total Resource Cost Test. The Division will monitor the new program for cost-effectiveness and report on changes as it sees fit. The Division recommends that the Commission approve the Company's proposed modifications to Electric Service Schedule 111.

CC Bill Comeau, Rocky Mountain Power
Michael Snow, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List

[1]http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2017/PacifiCorp_Class2_DSM_Decrement_Study.pdf