



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director
Alex Ware, Utility Analyst

Date: October 27, 2020

Subject: Docket 20-035-T09

In the Matter of: Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 111, Residential Energy Efficiency Program.

INTRODUCTION

On October 09, 2020, Rocky Mountain Power (RMP) requested approval of proposed revisions to the Residential Energy Efficiency Program under tariff Electric Service Schedule No. 111. On October 14, 2020, the Public Service Commission (PSC) issued a Notice of Filing and Comment Period that set a deadline of October 27, 2020 for parties to file initial comments and November 03, 2020 for reply comments.

As noted by RMP in its filing, it circulated a draft of the advice letter package to the Demand Side Management (DSM) Steering Committee on September 30, 2020 and discussed it with committee members on a phone call on October 7, 2020.

The Office of Consumer Services (OCS) submits these comments to the PSC regarding RMP's proposed changes to tariff Schedule No. 111.

BACKGROUND

The purpose of this filing is to propose new DSM program incentive offerings, adjust others, and to streamline the amount of incentive information contained in the tariff sheets. RMP states that while the tariff sheets will only contain the maximum or "up to" incentive amounts, it will maintain the incentive details on its DSM program website.

RMP states that its customers typically refer to its website and not its tariff when researching available incentives.

RMP's proposed changes to the residential energy efficiency program in tariff Schedule 111 are contained in the following incentive categories:

- Lighting,
- Appliances,
- Building Envelope,
- HVAC,
- New Constructions, and
- Insulation.

New incentive offerings in this filing include:

- Thermostatic Shower Restrict Valve (\$30 maximum),
- WiFi Smart Plug and Light Switch (\$10 maximum),
- Smart Home Energy Management System Bundle (\$275 maximum),
- Lighting Occupancy Sensor (\$10 maximum),
- Room Air Cleaner (\$50 maximum),
- Heat Pump Clothes Dryer (\$230 maximum),
- Clothes Washer (\$25 maximum),
- Refrigerator (\$25 maximum),
- Freezer (\$25 maximum),
- Dishwasher (\$20 maximum),
- Windows (\$3 per square foot maximum),
- Infiltration Control (Air Sealing) (\$0.30 per square foot maximum),
- Dual Fuel Heat Pump (\$3,000 maximum),
- Engine Block Heater Control (\$150 maximum), and
- Bathroom Exhaust Fan (\$10 maximum).

COST-EFFECTIVENESS

RMP consultant Guidehouse provides Utility Cost Test (UCT) estimates for the 2020 to 2021 program year under low participation, expected participation, and high participation scenarios - as found in Exhibits B, C, and D of RMP's filing. At all levels of participation, the UCT is projected to be cost effective.

DISCUSSION

The OCS generally supports the changes and additions contained in RMP's filing – especially as they are projected to be cost effective. However, as with any offering that involves a technology that includes fuel switching functionality, we have closely considered the impacts of the new proposed incentive for dual fuel heat pumps. Overall, the OCS does not believe that RMP has provided enough information in its filing for

stakeholders to fully understand the ramifications of this proposed new offering or to recommend approval to the PSC at this time. The OCS will explain our reasoning next.

As the dual fuel heat pump will utilize both electricity and natural gas, RMP indicated that it has coordinated this offering in some respects with Dominion Energy Utah (DEU). Therefore, following the OCS's participation in the DSM Steering Committee with RMP on October 7, 2020, we coordinated a meeting between the OCS, DPU, and DEU to further discuss the technology.

Of particular interest to the OCS, DEU stated that they will be requiring dual fuel heat pump installers to set the electricity to gas furnace switchover point or set point at 40 degrees Fahrenheit. We reviewed DEU's 2021 energy efficiency budget application, Docket No. 20-057-20 that was submitted with the PSC on October 23, 2020, and confirmed that DEU is proposing a set point of 40 degrees.¹ However, DEU's draft tariff that accompanied the application stated a somewhat different requirement for a set point of 40 degrees or lower.² DEU also stated, which the OCS has been unable to confirm at this time, that 40 degrees is the typical set point of this technology as it comes from the factory. In addition, DEU stated that the set point is not something a homeowner has control of but that it is set by the HVAC technician at installation.

However, RMP's filing did not specify any set point value, so we inquired further with RMP staff who stated they have selected a set point of 32 degrees. RMP did not have updated information at the Steering Committee meeting nor did it provide updated information to the OCS or the Steering Committee. However, apparently RMP provided different information to the DPU since DPU's comments to this filing state, "Further discussion with the Company clarified that industry standards along with Utah climate zones will be used to set the switch point for optimal efficiency. The Company also indicated that details for rebates on dual fuel heat pump conversion and installation, whether electric or gas, will be clearly spelled out and the incentive for heat pumps is specific to the RMP tariff and independent from what is offered by the gas utility."

Due to the disparity of the set point value between RMP and DEU for the same dual fuel heat pump technology, the OCS recommends that incentives for this technology not be approved by the PSC at this time. Our understanding is that these incentives were designed to be able to used together in coordination. If the set point requirements differ for RMP and DEU, not only will a customer not be able to use both incentives but it will create significant confusion in the market and thwart the purpose of promoting this technology at a time that many parties agree it is ripe for promotion. Such confusion is not in the public interest and the PSC should not approve any dual fuel heat pump technology until these disparities are resolved.

¹ 20-057-20: Dominion Energy Utah's Application for Approval of the 2021 Year Budget for Energy Efficiency Programs and Market Transformation Initiative – October 23, 2020, Application, p. 4-5.

² Ibid, DEU Exhibit 1.1, p.2.

The PSC should promote the public interest by requiring the coordination that did not take place prior to the tariff filing. Some of the questions that need to be addressed include:

1. Did RMP choose a set point of 32 degrees Fahrenheit as it told the OCS? If so, why? Or does RMP intend to include different set points based on climate zones as it told the DPU? If so, precisely how will the requirements be communicated to installers and customers?
2. How does the set point impact the cost effectiveness evaluation? Did RMP use a single set point value in its cost effectiveness projections?
3. The OCS understands that RMP and DEU have coordinated some on climate zone definitions that are applicable to where in Utah a dual fuel heat pump will be geographically located. Therefore, why are RMP and DEU involved in mandating a set point at all? If it's the HVAC technician that sets the set point at installation, how would the technician know to either use RMP or DEU's mandated set point? Wouldn't it be more suitable for the HVAC technician to set a set point appropriate for the climate zone that the dual fuel heat pump will be geographically located?
4. Is there another measure(s) besides climate zones that should be considered in the determination of a set point for a dual fuel heat pump owner, and how would that be communicated to the HVAC installer?

RECOMMENDATION

The OCS recommends that the PSC either:

- Reject the dual fuel heat pump incentive and otherwise approve the remaining tariff changes and additions to Schedule 111, or
- Suspend the tariff, require RMP to work with DEU and interested stakeholders to resolve the inconsistencies regarding the dual fuel heat pump set point and other requirements, and refile with modifications to reflect better coordination between the two programs.

cc:

Jana Saba, Rocky Mountain Power

Artie Powell, Division of Public Utilities