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Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Shauna Benvegna-Springer, Utility Technical Consultant

Date: November 20, 2020

Re: **Docket No. 20-057-20**, Dominion Energy Utah's Application for Approval of 2021 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

Recommendation (Approval)

The Division of Public Utilities (Division) has reviewed the Application and recommends the Public Service Commission of Utah (Commission or PSC) approve Dominion Energy Utah's 2021 Energy Efficiency Programs and Market Transformation Initiative Budget. The Division has also reviewed the tariff sheets filed with the application and recommends the Commission approve the tariff sheets as filed. The Division recommends the Commission direct the Company to provide quarterly Energy Efficiency (EE) reports no later than 45 calendar days after the quarter ends.

Issue

On October 23, 2020, Dominion Energy Utah (Company or Dominion) filed an application with the Commission for approval of its EE Programs and Market Transformation Initiative Budget for 2021. On October 23, 2020, the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by November 23, 2020. On October 26, 2020 the Commission also issued a Notice of Comment Period detailing that any

interested party may submit comments due to the Commission on November 23, 2020, with reply comments due December 8, 2020. This memorandum is the Division’s response to the Commission’s Action Request.

Background

DSM PILOT PROGRAM AND BUDGET HISTORY

The original Demand Side Management (DSM) programs and Market Transformation Initiative were the products of a collaborative effort of interested parties working with Dominion (formerly Questar Gas Company). The purpose was to provide input and to design programs to benefit Dominion’s general schedule (GS) rate class by reducing their usage of natural gas. The programs were designed to improve the efficiency of natural gas consumption by those GS rate customers. The process began with Dominion’s Conservation Enabling Tariff (CET) application to the Commission on December 16, 2005 in Docket No. 05-057-T01. In a January 16, 2007 Order issued in the same docket, the Commission approved the original application and established requirements. The Energy Efficiency Budget of \$27.1 million as submitted in this docket is the fifteenth budget submitted by the Company. Table 1 below shows a history of actual expenditures through 2019, and the 2020 and 2021 EE Budgets.

Table 1

DOMINION ENERGY UTAH
YEARLY EXPENDITURES FOR ENERGY EFFICIENCY
Actual Costs from Year 2015 to 2019 and Budgets for 2020 and 2021

	A	B	C	D	E	F	G	H
	Energy Efficiency Programs	2015	2016	2017	2018	2019	2020	2021
		Actual	Actual	Actual	Actual	Actual	Budget	Budget
		(000)	(000)	(000)	(000)	(000)		
1	ThermWise Appliance	\$5,272.9	\$5,891.0	\$5,924.5	\$4,498.2	\$4,181.7	\$6,172,929	\$4,855,850
2	ThermWise Builder	\$4,693.7	\$7,019.5	\$5,643.8	\$6,540.0	\$6,120.4	\$5,830,063	\$7,792,260
3	ThermWise Business	\$3,698.7	\$3,390.3	\$3,980.4	\$1,951.9	\$2,674.1	\$3,109,198	\$3,435,818
4	ThermWise Custom Business	\$252.9	\$289.8	\$0.0	\$0.0	\$0.0	\$0	\$0
4	ThermWise Energy Plan	\$672.2	\$578.9	\$491.4	\$435.8	\$402.7	\$574,812	\$498,467
5	ThermWise Weatherization	\$7,636.1	\$3,886.7	\$4,044.0	\$7,549.9	\$8,183.7	\$7,982,079	\$7,812,879
6	Market Transformation	\$1,009.9	\$1,261.3	\$1,228.2	\$1,374.7	\$852.5	\$1,320,000	\$1,320,000
7	Energy Comparison Report	\$278.0	\$734.3	\$392.2	\$415.7	\$452.0	\$570,000	\$530,000
8	Low Income Weatherization	\$673.1	\$267.6	\$669.3	\$642.1	\$713.7	\$867,270	\$812,365
9	Total	\$24,187.5	\$23,319.4	\$22,373.8	\$23,408.3	\$23,580.8	\$26,426,350	\$27,057,639

2021 ENERGY EFFICIENCY PLAN SUMMARY

The EE proposed budget for 2021 is \$27.1 million. This represents an increase from the 2020 budget of \$629,268 mainly due to an expected increase in the ThermWise Builder and ThermWise Business programs. The eight programs for 2021 include the following:

- ThermWise Appliance Rebates
- ThermWise Builder Rebates
- ThermWise Business Rebates
- ThermWise Energy Plan
- ThermWise Weatherization Rebates
- Market Transformation Initiative
- Energy Comparison Report Program
- Low Income Efficiency Program (Utah Department of Workforce Services)

Table 2 below summarizes Dominion’s proposed 2021 Demand Side Management (DSM) EE Budget of \$27.1 million by program as compared to the 2020 DSM EE Budget. This budget proposes a 2.4% increase above the 2020 Budget of \$26.4 million. Columns I and J compare the 2021 EE Budget Total Resource Cost Test ratios (TRC) to the 2020 EE Budget TRC for each program.

DOMINION ENERGY UTAH DSM ENERGY EFFICIENCY REPORT 2021 Budget and 2020 Budget DOCKET NO. 20-057-20										
	A	B	C	D	E	F	G	H	I	J
		2021	2020	2021	2020	% 2021 Budget	2021	2020	2021	2020
Energy Efficiency Programs	Budgeted	Budgeted	Budget	Budget	over (under)	2020 Budget	Savings*	Savings*	TRC	TRC
	Participants	Participants							Ratio	Ratio
1 ThermWise Appliance	16,846	30,587	\$4,855,850	\$6,172,929	-21.3%	177,195	298,612	1.86	1.65	
2 ThermWise Builder	21,625	18,423	\$7,792,260	\$5,830,063	33.7%	212,227	170,091	1.56	1.29	
3 ThermWise Business	2,768	2,778	\$3,435,818	\$3,109,198	10.5%	161,838	143,544	1.22	1.04	
4 ThermWise Custom Business	0	0	\$0	\$0	0.0%	-	-	0.00	0.00	
4 ThermWise Energy Plan	2,240	2,240	\$498,467	\$574,812	-13.3%	36,166	36,166	1.76	1.17	
5 ThermWise Weatherization	30,243	31,943	\$7,812,879	\$7,982,079	-2.1%	108,093	138,421	1.26	1.15	
6 Market Transformation	NA	NA	\$1,320,000	\$1,320,000	NA	NA	NA	NA	NA	
7 Energy Comparison Report	226,000	266,600	\$530,000	\$570,000	-7.0%	284,760	322,586	1.79	1.11	
8 Low Income Assistance	1,820	2,505	\$812,365	\$867,270	-6.3%	23,468	30,033	1.70	1.42	
9 Total	301,542	355,076	\$27,057,639	\$26,426,350	2.4%	1,003,747	1,139,453	1.23	1.23	
* Projected Dth savings for each program based on projected program participation and deemed savings estimates.									1.40	

DISCUSSION

One of the goals of the EE programs is to educate consumers, thus fostering behavior change in utility resource usage. The 2021 budget expects 53,534 less participants compared to the 2020 budget. All of the programs propose a decrease in participation except the ThermWise Builder programs. The ThermWise Builder program proposes an increase of 3,202 participants which represents a 17% increase. The largest decrease is in the Energy Comparison Report program of 40,600 participants, along with the ThermWise Appliance program proposing a 45% (13,742) decrease in participants. The 15% decrease in participants appears to affect the proposed 2021 Dth savings of 1,008,747 adversely over the Dth savings of 1,139,453, the level set for 2020. The 2020 Q2 Actual YTD reports 507,084 Dth savings in six months performance, although the heating season is coming.

Table 3 compares customer rebates, program costs, Dth savings, and participants as of June 30, 2020 actual results, and the 2020 and 2021 budgets. The table shows an expected 2.4% increase in the 2021 budget compared to the 2020 budget. The difference is attributed to an increase in 33% in the ThermWise Builder program budget. The table shows a decrease of 11.9% in total Dth saved, with an expected decrease of 15.1% in participants. The participant counts in table 3 have been adjusted to include the Energy Comparison Report of 133,300 for Q2 2020, 266,600 for 2020 and 226,000 for 2021.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under) 2020	% over (under) 2020
1 Customer Rebates	\$10,951,209	\$20,150,028	\$20,852,372	\$702,344	3.5%
2 Program Costs	\$3,252,634	\$6,276,322	\$6,205,267	(\$160,406)	-1.1%
3 Total Costs	\$14,203,843	\$26,426,350	\$27,057,639	\$541,939	2.4%
4 Projected Dth Savings*	507,084	1,139,453	1,003,747	(135,706)	-11.9%
5 Participants**	178,564	355,076	301,542	(53,534)	-15.1%
6 Total \$ / Dth Savings (\$0.00)	\$28	\$23	\$27	NA	16.2%
7 Total Resource Cost Test B/C	1.06	1.10	1.10	NA	NA
8 Utility Cost Test B/C	1.51	1.29	1.30	NA	NA
9 * Projected Dth savings for each program based on projected program participation and deemed savings estimates.					

THERMWISE APPLIANCE REBATES PROGRAM

The ThermWise Appliance Rebates Program for 2021 is available to all GS single-family and multi-family residential customers. The purpose of the program is to encourage consumers to install high-efficacy appliances in their homes. The Company recommends a few changes to the Appliance Rebates Program in an effort to continue pushing efficiency standards forward. The Company will:

- 1) add a \$800 rebate for single family homes and \$450 rebate for multi-family properties for installing dual-fuel heating systems in 2021;
- 2) add energy recovery ventilation (ERV) equipment;
- 3) change the current fireplace rebate measure to fireplace efficiency;

This program has a 2021 proposed budget cost of \$4.8 million compared to a 2020 budget of \$6.1 million, a 21.3% decrease from the 2020 budget. Again, as with the previous year's budgets, the actual customer rebates will vary depending on customer participation. Table 4 compares the ThermWise Appliance Program by Customer Rebates and Program Administrative Costs with actual results through June 30, 2020 to the projected 2020 and 2021 budgets. The table shows a forecasted 2021 increase to the Utility Cost Test (UCT) benefit ratios and the Total Resource Cost (TRC) test.

Table 4 demonstrates a reduction of \$124,779 in program costs for the ThermWise Appliance Program. Dth savings and participants both decrease by 40.7% and 44.9% respectively in the 2021 proposed budget.

	2020 Q2 Actual YTD	2020 Budget	2021 Budget	2021 \$ over (under) 2020	2021 % over (under) 2020
1 Customer Rebates	\$1,694,150	\$5,169,700	\$3,977,400	(\$1,192,300)	-23.1%
2 Program Costs	\$346,943	\$1,003,229	\$878,450	(\$124,779)	-12.4%
3 Total Costs	\$2,041,093	\$6,172,929	\$4,855,850	(\$1,317,079)	-21.3%
4 Projected Dth Savings *	61,220	298,612	177,195	(121,417)	-40.7%
5 Participants	7,332	30,587	16,846	(13,741)	-44.9%
6 Total \$ / Dth Savings (\$0.00)	\$33	\$21	\$27	NA	32.6%
7 Total Resource Cost Test B/C	1.86	1.65	1.86	NA	NA
8 Utility Cost Test B/C	0.49	1.49	1.74	NA	NA

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

THERMWISE BUILDER REBATES PROGRAM

The ThermWise Builder Rebate Program will continue in 2021 with several modifications. The Company will add three changes to the ThermWise Appliance Rebate Program in 2021. The Company will eliminate the builder rebate credit and move to participation in a pay-for-performance measures method. This method allows for a higher requirement for documentation and testing that did not function well with the rebate credit.

Table 5 shows the 2021 budget for the ThermWise Builder Program is \$7.8 million, a \$1.96 million dollar (33.7%) increase from the 2020 budget of \$5.8 million. Expected participation and Dth saved are higher than the 2021 budget resulting in higher dollars per Dth saved than expected in the 2020 budget. The Builder Program is projected to have a TRC ratio of 1.56 and an UCT ratio of 1.77.

	2020 Q2 Actual YTD	2020 Budget	2021 Budget	2021 \$ over (under) 2020	2021 % over (under) 2020
1 Customer Rebates	\$3,860,755	\$5,360,063	\$7,222,910	\$1,862,847	34.8%
2 Program Costs	\$211,444	\$620,000	\$630,000	\$10,000	1.6%
3 Total Costs	\$4,072,199	\$5,830,063	\$7,792,260	\$1,872,847	33.7%
4 Projected Dth Savings *	121,804	170,091	212,227	42,136	24.8%
5 Participants	18,330	18,423	21,625	3,202	17.4%
6 Total \$ / Dth Savings (\$0.00)	\$33	\$34	\$37	NA	7.1%
7 Total Resource Cost Test B/C	0.00	1.29	1.56	NA	NA
8 Utility Cost Test B/C	0.49	1.05	1.77	NA	NA

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

THERMWISE BUSINESS REBATES PROGRAM

This program is available to the GS rate class commercial customers and offers many prescriptive measures, all of which are designed to leverage the marketing access and existing delivery channels of local businesses, wholesalers, and retailers to provide cost-effective natural gas savings opportunities. The Company proposes to continue this program in 2021 with the same changes to the Appliance and Builder rebate programs. It will also will add Advanced Rooftop Controls (ARC) as a new rebate in 2021. The ARC program will have three rebate tiers; \$500 for

34 Dth, \$650 for 42Dth, and \$800 for 76 Dth ARC equipment. The Company is adding monitoring based commission (MBCx) to the list of rebates for large facilities > 150K square feet and potential to save 1,000 Dth per year. Targeted potential customers are the State of Utah and various school districts.

The ThermWise Business Program budget is proposed to increase by \$326,620 in 2021. The 2021 budget is \$3.4 million, which is 10.5% above the 2020 budget, as shown in Table 6. The table summarizes the ThermWise Business Program by customer rebates and program costs with actual results through June 30, 2020, and the 2020 and 2021 budgets.

	2020 Q2 Actual YTD	2020 Budget	2021 Budget	2021 \$ over (under) 2020	2021 % over (under) 2020
1 Customer Rebates	\$914,276	\$1,970,198	\$2,246,818	\$276,620	14.0%
2 Program Costs	\$927,005	\$1,139,000	\$1,189,000	\$50,000	4.4%
3 Total Costs	\$1,841,281	\$3,109,198	\$3,435,818	\$326,620	10.5%
4 Projected Dth Savings *	65,308	143,544	161,838	18,294	12.7%
5 Participants	1,080	2,778	2,768	(10)	-0.4%
6 Total \$ / Dth Savings (\$0.00)	\$28	\$22	\$21	NA	-2.0%
7 Total Resource Cost Test B/C	1.22	1.04	1.22	NA	NA
8 Utility Cost Test B/C	1.87	1.87	2.04	NA	NA

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

THERMWISE HOME ENERGY PLAN REBATES PROGRAM

The ThermWise Home Energy Plan is administered by Dominion. The Company was authorized to temporarily suspend in-home Home Energy Plans because of COVID-19. Instead the Company has been using virtual home energy assessments starting in March 2020. The Company expanded program eligibility to previously ineligible multifamily customers in 2013. This method of conducting the assessments and home energy plans is expected to continue through 2021.

The 2021 budget is \$498,467, which is a decrease of \$76.3 thousand dollars or a 13.3% decrease. Table 7 compares the 2021 EE budget to the 2020 EE budget along with June 30, 2020 YTD actual results. Table 7 shows decreases in program costs, but no change in Dth savings and participants. The benefit cost ratio for 2021 with the TRC is 1.76 and the UCT is 1.73. The Division understands a reduction in staffing explains the budget decrease.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under) 2020	% over (under) 2020
1 Customer Rebates	\$0	\$0	\$0	\$0	NA
2 Program Costs	\$184,910	\$574,812	\$498,467	(\$76,345)	-13.3%
3 Total Costs	\$184,910	\$574,812	\$498,467	(\$76,345)	-13.3%
4 Projected Dth Savings *	12,069	36,166	36,166	-	0.0%
5 Participants	849	2,240	2,240	-	0.0%
6 Total \$ / Dth Savings (\$0.00)	\$15	\$16	\$14	NA	-13.3%
7 Total Resource Cost Test B/C	1.76	1.17	1.76	NA	NA
8 Utility Cost Test B/C	1.32	1.32	1.73	NA	NA

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

ThermWise Weatherization Rebates Program

This program offers both GS single-family and multi-family residential customer rebates for installing qualifying weatherization measures. The Company proposes to continue the program and move the direct-install program from pilot status to an ongoing initiative in 2021.

The 2021 budget is \$7.8 million, a decrease of 2.1% from the 2020 budget. Table 8 compares the ThermWise Weatherization Program by Customer Rebates and Program Costs with actual results through June 30, 2020 along with the 2020 and 2021 budgets. The table shows the benefit cost ratios increasing from the 2020 budget with a TRC of 1.26 and a UCT of 1.48 for 2021.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under) 2020	% over (under) 2020
1 Customer Rebates	\$4,150,418	\$7,312,079	\$7,117,879	(\$194,200)	-2.7%
2 Program Costs	\$444,174	\$670,000	\$695,000	\$25,000	3.7%
3 Total Costs	\$4,594,592	\$7,982,079	\$7,812,879	(\$169,200)	-2.1%
4 Projected Dth Savings *	82,753	138,421	108,093	(30,328)	-21.9%
5 Participants	17,261	31,943	30,243	(1,700)	-5.3%
6 Total \$ / Dth Savings (\$0.00)	\$56	\$58	\$72	NA	25.3%
7 Total Resource Cost Test B/C	1.26	1.15	1.26	NA	NA
8 Utility Cost Test B/C	0.22	1.22	1.48	NA	NA

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

LOW INCOME EFFICIENCY PROGRAM

Part of the agreement reached in Docket 05-057-T01 contained the provision for the Company to provide funding of \$500,000 for the state’s Low Income Weatherization Program. In 2009, the funding for this program was increased by another \$250,000 for a total contribution of \$500,000. This is meant to address natural gas issues for qualified low-income assistance recipients. This tariff includes a paragraph allowing approved non-profit or governmental agencies to apply for rebates under the ThermWise Programs. This allows qualified agencies to utilize rebates for work they have performed to do additional weatherization measures. The Utah Department of Workforce Services, Housing and Community Development Division (HCD) currently qualifies under this provision. This allows HCD to report its activity quarterly and include the saved Dth as a result of its efforts as part of the quarterly reports filed by the Company on the EE program results. Table 9 reflects the budget for the Low Income Efficiency Program. The proposed 2021 budget shows a decrease of \$54,905 or 6.3%. The Company plans to maintain the program as it is.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under)	% over (under)
				2020	2020
1 Customer Rebates	\$331,610	\$337,988	\$287,365	(\$50,623)	-15.0%
2 Program Costs	\$8,428	\$529,282	\$525,000	(\$4,282)	-0.8%
3 Total Costs	\$340,038	\$867,270	\$812,365	(\$54,905)	-6.3%
4 Projected Dth Savings *	2,637	30,033	23,468	(6,565)	-21.9%
5 Participants	412	2,505	1,820	(685)	-27.3%
6 Total \$ / Dth Savings (\$0.00)	\$129	\$29	\$35	NA	19.9%
7 Total Resource Cost Test B/C	1.70	1.42	1.70	NA	
8 Utility Cost Test B/C	0.21	1.21	1.72	NA	

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

THERMWISE ENERGY COMPARISON REPORT

Initially launched in 2011 with 8,000 customers receiving the report, the Company has introduced the report to over 438,000 customers with a control group of approximately 110,000 customers. The Company proposes to deliver the Energy Comparison Report (ECR) to 226,000 customers in

2021. The Company plans to target the Comparison Report to consumers with higher usage relative to their square footage in 2021.

The 2021 budget for the Energy Comparison Report decreased by \$40,000 or 7.0%. Participants and Dth savings are also proposed to decrease by 40,600 and 37,826, respectively. The TRC and UCT benefit ratios increased to 1.79.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under)	% over (under)
				2020	2020
1 Customer Rebates	\$0	-	-	-	NA
2 Program Costs	\$407,193	\$570,000	\$530,000	(\$40,000)	-7.0%
3 Total Costs	\$407,193	\$570,000	\$530,000	(\$40,000)	-7.0%
4 Projected Dth Savings *	161,293	322,586	284,760	(37,826)	-11.7%
5 Participants	133,300	266,600	226,000	(40,600)	-15.2%
6 Total \$ / Dth Savings (\$0.00)	\$3	\$2	\$2		5.3%
7 Total Resource Cost Test B/C	0.00	1.11	1.79		
8 Utility Cost Test B/C	0.49	1.74	1.79		

* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

MARKET TRANSFORMATION INITIATIVE

The ThermWise marketing campaign does not see any changes. The 2021 budget is the same as 2020 budget.

	2020	2020	2021	2021	2021
	Q2 Actual YTD	Budget	Budget	\$ over (under)	% over (under)
				2020	2020
1 Customer Rebates	\$0	\$0	\$0	\$0	NA
2 Program Costs	\$722,537	\$1,320,000	\$1,320,000	\$0	0.0%
3 Total Costs	\$722,537	\$1,320,000	\$1,320,000	\$0	0.0%
4 Projected Dth Savings *	-	-	-	-	NA
5 Participants	-	-	-	-	NA
6 Total \$ / Dth Savings (\$0.00)	-	-	-	NA	NA
7 Total Resource Cost Test B/C	0.0	0.0	0.0	NA	
8 Utility Cost Test B/C	0.0	0.0	0.0	NA	

PROGRAM & ADMINISTRATIVE COSTS

As shown in Table 3 on page 4, the 2021 total program administrative costs are \$6.205 million, with a \$160,406 decrease from the 2020 budget program costs. This \$6.205 million represents about 22.9% of the total 2021 budget. The Market Transformation Program (MTP) budget of \$1.3 million is included in the program administrative costs. When the MTP is removed from the program costs, all other program costs represent 19.6% of the total 2021 EE Budget of \$27.1 million.

The Division appreciates the efforts the Company has made in the 2021 proposed budget. The Division continues to urge Dominion to continue to look for ways to implement administrative cost reduction steps in order to improve overall program efficiencies.

However, the Division will be monitoring the overall program and individual measures to ensure the public interest continues to be served by them. The Division recommends the Commission have the Company provide quarterly reports no later than 45 calendar days after the quarter ends. The reports have been delayed because of the change in vendors processing rebates. The 1Q Dominion EE Report ending on March 31, 2020 was received on July 14, 2020. The 2Q Dominion EE Report ending June 30, 2020 was received on October 20, 2020. The Division received notice that the 3Q Dominion EE Report will not be provided until the first part of December. The delayed reports provide the status of the EE program, but receiving the report three and half months after the quarter ends doesn't provide sufficient time to identify and remedy an issue.

CONCLUSION

The Division still finds value in the overall program objectives. Therefore, the Division supports the 2021 Energy Efficiency Budget and recommends the Commission approve the application. The Division has also reviewed the tariff sheets filed with the application and recommends the Commission approve the tariff sheets as filed. The Division recommends the Commission have the Company provide quarterly reports no later than 45 calendar days after the quarter ends.

The Division commends Dominion and the Advisory Group for their active participation and commitment to continue to develop and promote strong Energy Efficiency programs, with the intent to promote the energy saving measures to an even broader base of GS customers.

cc: Kelly Mendenhall, Dominion Energy
Mike Orton, Dominion Energy
Travis Willey, Dominion Energy
Michele Beck, Office of Consumer Services