
Energy Efficiency Program Proposal

ThermWise[®] Market Transformation
Initiative

Program Description

Background

Since the introduction of Dominion Energy Utah's (Dominion Energy or the Company) ThermWise Energy Efficiency (EE) programs, the Market Transformation Initiative has been a consistent and critically important component of the long-term strategy. "Market Transformation involves promoting ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation" (Application, Docket No. 05-057-T01, paragraph 21). There are three primary goals that drive the Company's Market Transformation Initiative. They are, (1) enhance the Company's involvement in energy efficiency and conservation promotion; (2) change consumer and market participation behaviors; and (3) encourage persistent demand for energy efficiency products and practices. (Application, Docket No. 05-057-T01, paragraph 22).

In its Order issued December 29, 2017 (Docket No. 17-057-22 Order), the Commission provided guidance regarding future applications for the Market Transformation Initiative. Specifically, the Commission supported the recommendation that future applications include strategies and justification for proposed budget amounts. Additionally, the Commission indicated support for the Advisory Group and the collaborative process originally envisioned for this group as outlined in the Joint Application filed December 16, 2005 (Docket No. 05-057-T01). In effort to be responsive to this guidance the following sections are included in this section.

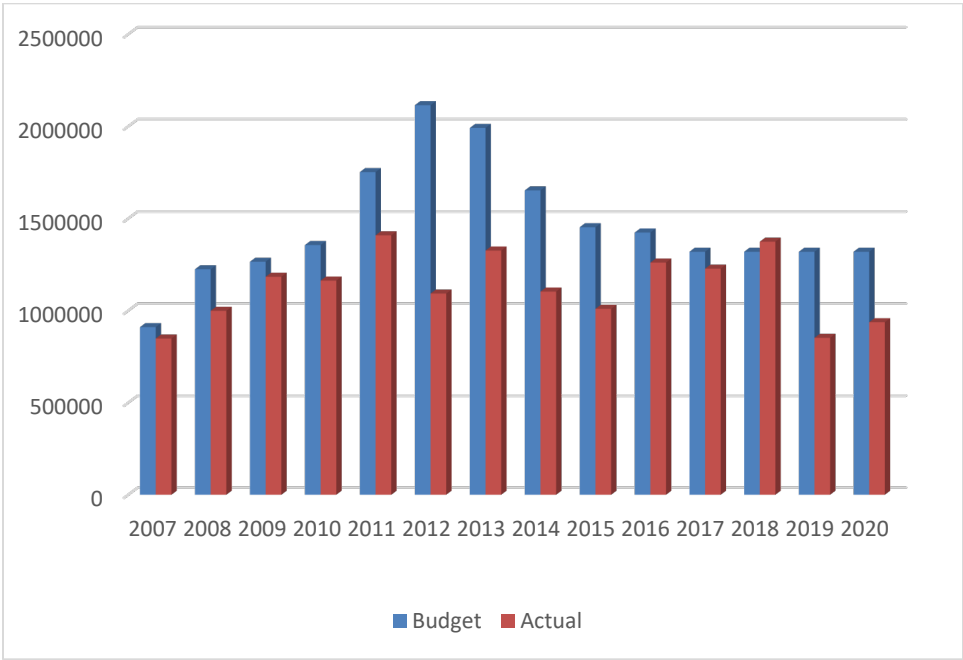
In this section, the Company will provide the following:

- A summary of proposed-versus-actual Market Transformation Initiative spending from 2007-2020.
- An analysis of historical customer participation in the ThermWise programs.
- ThermWise Program benchmarking to its peers in the natural gas energy efficiency industry.
- A high-level summary of the proposed 2022 Market Transformation Initiative components and budget.
- The 2022 Strategic Marketing Plan, a comprehensive report, prepared by Faktory, that recaps 2021 research and the proposed strategy for the 2022 Market Transformation Initiative.

Proposed vs. Actual Market Transformation Initiative Spending 2007-2020

Table 1 is a summary of proposed versus actual Market Transformation Initiative spending from 2007-2020. The Company has been selective in its spending, choosing projects with the greatest return and high program exposure. The Company has been diligent in its efforts to secure event and promotional contracts at low rates. The Company regularly seeks out and takes advantage of low to no-cost events. In many cases the Company can leverage its existing marketing channels in return for a waiver of the participation fees at community events. The Company has historically built flexibility into the budget in order to be responsive to unanticipated Market Transformation opportunities that will maximize program exposure. These unanticipated opportunities contribute to variances between projected and actual spending.

Table 1. Proposed vs. Actual Market Transformation Spending



Historical ThermWise Customer Participation

The Company considers several indicators to gage participation throughout the service territory as shown in tables 2-5.

Historically there has been a steady increase in the total number of rebates paid each year. Table 2 shows cumulative rebates paid by year.

Table 2. Cumulative Rebates Paid by Year

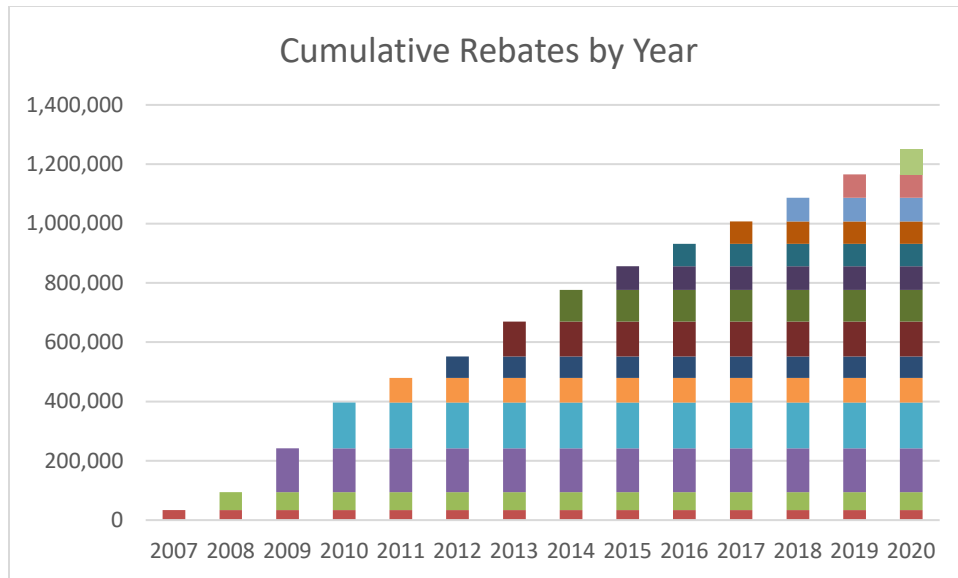
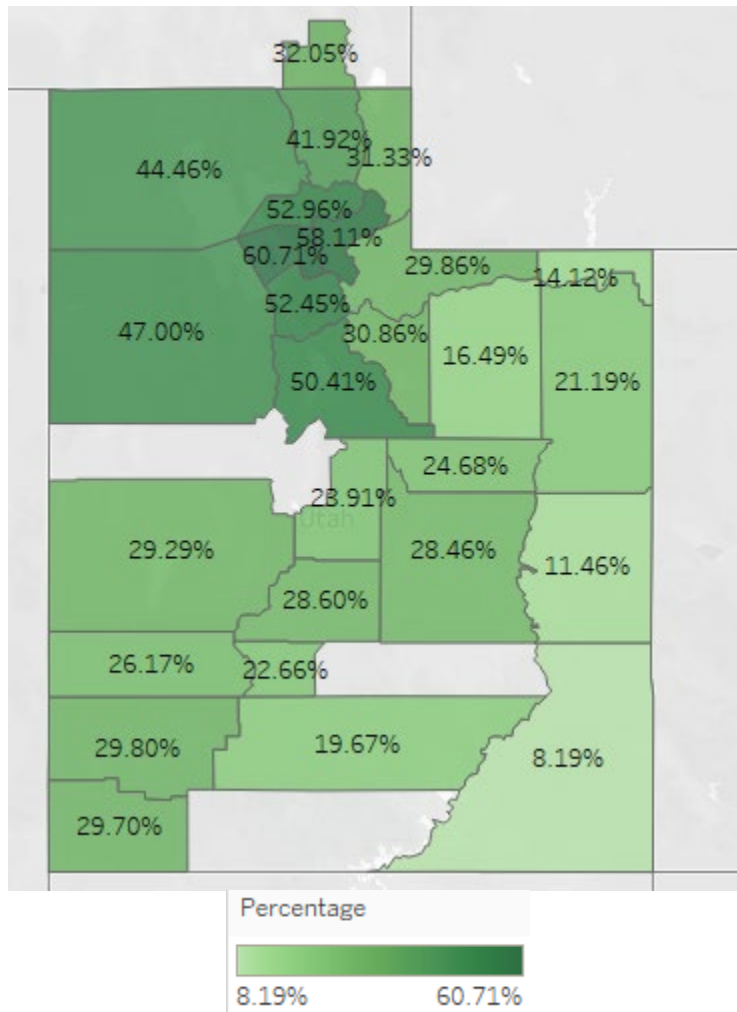


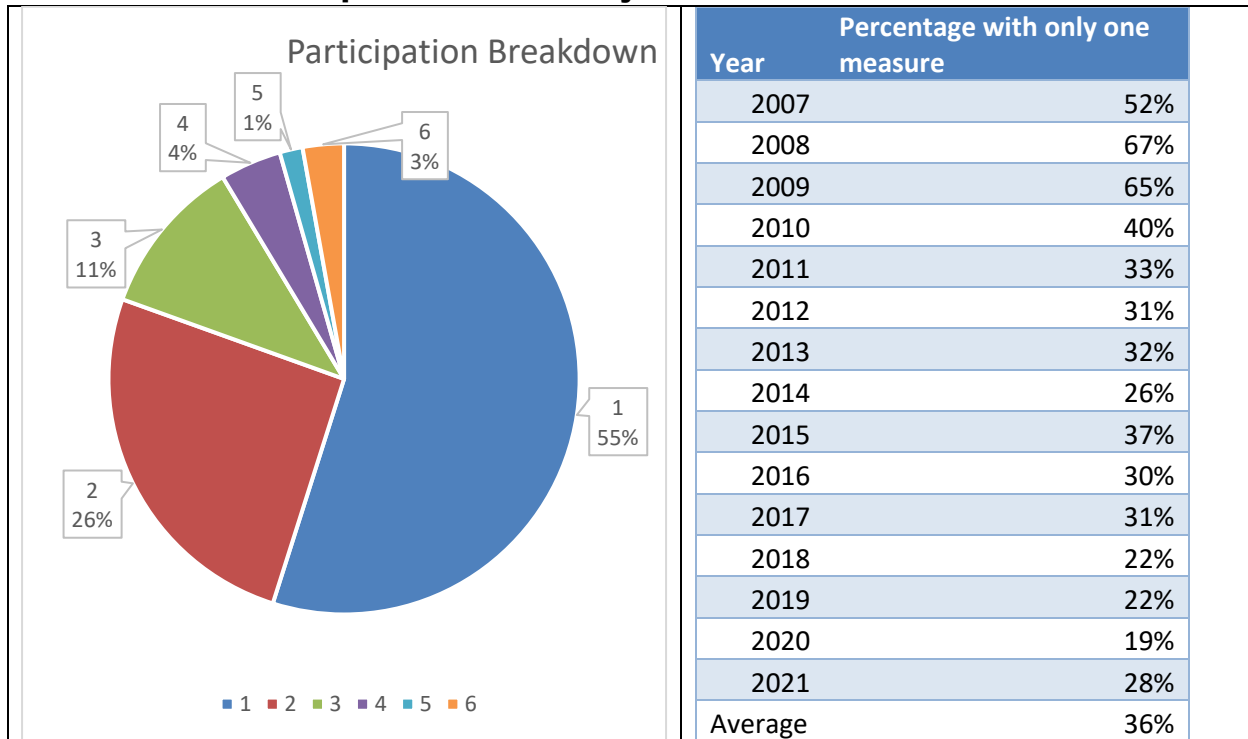
Table 3 shows unique participants and penetration levels by county. It shows the Company continues to see a steady increase in unique ThermWise participants throughout its service territory. The Company is pleased with the trend in participation and market penetration and expects to see similar trends in the future as a result of its Market Transformation Initiative.

Table 3. Unique ThermWise Participants and Levels of Penetration – June 2021



Although the Company continues to see an increase of unique participants there is still opportunity for first time participants as well as repeat participants to increase their individual efficiency. Table 4 shows a participation breakdown by the number of measures individual customers have participated in, along with a year by year breakdown of the percentage of participants with only one measure completed for years 2007-2021.

Table 4. Participation Breakdown by Number of Measures Per Customer



Year	Percentage with only one measure
2007	52%
2008	67%
2009	65%
2010	40%
2011	33%
2012	31%
2013	32%
2014	26%
2015	37%
2016	30%
2017	31%
2018	22%
2019	22%
2020	19%
2021	28%
Average	36%

Table 5 shows additional evidence to the progress on these goals. This can be seen in the adoption of energy efficiency equipment and technologies that were previously categorized as “new and emerging” technologies but are now required by code or have become standard in the Company’s Utah service territory. Specifically, clothes washers, natural gas dryers with moisture sensors, 0.30 U-Factor windows, 0.62 EF storage water heaters, and 90.0-92% furnaces, have all become standard, as shown in Table 5. Improvements in the construction industry related to higher standard building codes are ongoing. New equipment and technology such as air sealing, smart thermostats, R-5 windows, dual fuel heating systems, energy recovery ventilation and the direct install weatherization program have been added to the programs as well.

Table 5. Measures Added and Eliminated from the ThermWise Programs

Added	Year
Air Sealing	2012
Smart Thermostats	2015
R-5 Windows	2016
Direct Install Program	2017
Smart Water Heater Controller	2020
Dual Fuel Heating System	2021
Energy Recovery Ventilation (ERV)	2021

Eliminated	Year
Dryers	2011
90% AFUE Furnace	2013
Programmable Thermostat	2015
Windows (≤ 0.30 U-value)	2015
Water Heaters (0.62)	2016
Clothes Washers	2017
92% AFUE Furnace	2019
ECM Furnace Rebate	2020

Energy Efficiency Industry Analysis

As in past years the Company has benchmarked market transformation efforts with other programs across the nation using the results of the American Gas Association (AGA) annual energy efficiency report. Below is the Company's analysis from the most recently available AGA survey (2019 program year).

AGA's report shows a state by state comparison of incentive to non-incentive costs. The report shows that on average, states spent 41% of total program expenditures on non-incentive related costs. By comparison, during the same time frame, the Company spent 18% of its total program expenditures on non-incentive related costs. When comparing the top 24 participating programs (programs with total expenditures exceeding \$10,000,000), the Company ranks 4th overall in least amount of non-incentive related spending as a percentage of total program expenditures at 18%. The Company continues to be a national top performer in this metric.

Table 6 summarizes the overall percentage mix for each participating state with total annual expenditures of at least \$10,000,000.

Table 6. Percentage of Total Expenditures spent on Non-Incentive Costs ranked by State

Rank	STATE	2019 Marketing/Admin	2019 Incentives	2019 Total	% of Admin Marketing to Total
1	MISSOURI	\$ 1,429,322	\$ 12,289,851	\$ 13,719,173	10%
2	OKLAHOMA	\$ 2,136,679	\$ 14,485,622	\$ 16,622,301	13%
3	NEW JERSEY	\$ 20,337,884	\$ 137,644,266	\$ 157,982,151	13%
4	UTAH	\$ 4,257,876	\$ 19,322,921	\$ 23,580,797	18%
5	IOWA	\$ 6,470,664	\$ 22,627,674	\$ 29,098,338	22%
6	FLORIDA	\$ 6,353,291	\$ 20,401,571	\$ 26,754,863	24%
7	RHODE ISLAND	\$ 7,677,927	\$ 22,463,816	\$ 30,141,743	25%
8	MASSACHUSETTS	\$ 73,580,524	\$ 207,237,849	\$ 280,818,373	26%
9	NEW YORK	\$ 22,271,285	\$ 49,554,644	\$ 71,825,928	31%
10	WASHINGTON	\$ 10,922,903	\$ 20,934,455	\$ 31,857,358	34%
11	MARYLAND	\$ 8,325,040	\$ 14,459,085	\$ 22,784,125	37%
12	CONNECTICUT	\$ 18,130,864	\$ 29,606,743	\$ 47,737,607	38%
13	OREGON	\$ 11,398,755	\$ 16,499,454	\$ 27,898,209	41%
14	MICHIGAN	\$ 41,134,612	\$ 56,709,386	\$ 97,843,998	42%
15	ARKANSAS	\$ 6,392,900	\$ 8,307,098	\$ 14,699,998	43%
16	TOTAL	\$700,248,229	\$ 877,933,179	\$ 1,578,181,408	44%
17	ILLINOIS	\$ 38,936,665	\$ 48,666,171	\$ 87,602,836	44%
18	WISCONSIN	\$ 11,278,580	\$ 14,066,552	\$ 25,345,133	44%

19	MINNESOTA	\$ 27,208,604	\$ 22,490,989	\$ 49,699,593	55%
20	PENNSYLVANIA	\$ 12,518,096	\$ 9,163,055	\$ 21,681,151	58%
21	INDIANA	\$ 11,482,573	\$ 6,489,034	\$ 17,971,606	64%
22	CALIFORNIA	\$286,706,321	\$ 87,631,376	\$ 374,337,697	77%
23	COLORADO	\$ 10,063,975	\$ 1,514,678	\$ 11,578,653	87%
24	OHIO	\$ 43,273,993	\$ 3,209,522	\$ 46,483,514	93%

2022 Market Transformation Initiative Components and Budget

For 2022, the Company will adjust the Market Transformation Initiative components in order to build awareness of the ThermWise program. The ThermWise campaign will focus on building general awareness in the service territory along with increased awareness and training for trade allies in effort to increase uptake of energy efficiency equipment and improve building standards.

Key messages and complete detail of the 2022 Advertising and Media Campaign is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Advertising and Media: \$900,000

Contracted Agency Work

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2022 Strategic Marketing Plan. The Company's relationship with this agency has been and will continue to be beneficial, as they are proven experts in creating and purchasing media. In 2021 the Company budgeted \$800,000. The Company proposes a budget of \$900,000 in 2022.

Complete detail of the 2022 Advertising and Media Campaign is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Community Initiatives, Trade and Consumer Shows: \$280,000

The Company, in coordination with its current advertising and media partners, will focus on community initiatives (designed to re-engage customers in energy efficiency at a grass roots level), trade and consumer shows. In 2020 the Company budgeted \$280,000. The Company proposes to maintain the \$280,000 budget in 2022.

Complete detail of the 2022 community initiatives and trade/consumer shows is included in the Strategic Marketing Plan prepared by Faktory beginning on page 9 of this section.

Dominion Energy Management and Administration: \$50,000

The Company proposes to continue its membership in energy efficiency industry associations such as (Association of Energy Services Professionals, American Council for an Energy Efficient Economy, Southwest Energy Efficiency Project, etc.) These memberships allow the Energy Efficiency group to stay current in Energy Efficiency technologies, and topics, allowing program managers to further advance natural gas energy efficiency and conservation in the Utah market. In 2021 the Company budgeted \$30,000. The Company proposes a budget of \$50,000 for 2022.

State of Utah Codes Training: \$80,000

The Governor's Office of Energy Development (OED) conducts building code training programs, in collaboration with and through partial funding from Dominion Energy. The purpose of the training is to support the adoption, awareness, and enforcement of building codes associated with the International Energy Conservation Code (IECC). Based on the ongoing need in the market for more specific training sessions, in 2021 the Company budgeted \$80,000. The Company is proposing to continue funding these training sessions in 2022 at the level of \$80,000. OED will continue to work with an outside vendor to design and conduct these trainings in 2022.

Program Design: \$10,000

The costs associated with the program design budget are related to potential updates to the ThermWise portfolio of programs. Updates may include the addition or removal of energy efficiency measures, re-working of incentive levels, and re-calculation of savings. As with every component of the Company's Market Transformation budget, these funds are used prudently. The Company proposes to continue the \$10,000 budget for 2022.

2021 Research & 2022 Market Transformation Initiative Strategy

The Company has worked closely with its advertising and media partner, Faktory, to develop the 2022 Strategic Marketing Plan. The plan includes the results of studies and strategy for the upcoming 2022 campaign. Included below is the 2022 Strategic Marketing Plan prepared by Faktory.