



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah

From: The Committee of Consumer Services
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Date: March 24, 2008

Subject: Comments on PacifiCorp's Proposed Revisions to Tariff Schedule 110
Energy Star Homes Program – Docket No 08-035-T01.

1 Background

On February 27, 2008, Rocky Mountain Power (Company) filed proposed tariff revisions with the Public Service Commission (Commission) for the ENERGY STAR New Homes Program, Schedule 110 (Program). The Company requests an effective date of March 28, 2008 for the revised tariff.

The Committee submits the following comments and recommendations regarding the Company's proposed changes to the ENERGY STAR New Homes tariff.

2 Issues

2.1 Cost Effectiveness of Program

The Company's filing included a cost-effectiveness analysis of the Program which was calculated using Quantec's Demand Impact and Cost Effectiveness model. That analysis showed the Program to be cost effective under all scenarios.¹

The Committee has not made an independent assessment of the cost effectiveness of the Program but relies on the *Utah 2008 Energy Star Home Program Cost Effectiveness* analysis provided by the Company with the tariff filing. It is our understanding that the

¹ The Program was subjected to the Total Resource Cost Test (PTRC) + conservation adder, the Total Resource Cost Test (TRC) no adder, the Utility Cost Test (UCT), the Utah Rate Impact Test (URIM), and the Participant Cost Test (PCT).

Division of Public Utilities (Division) has found the Program to be cost effective.

We do note that the cost effectiveness assumptions used the Table 1: Inputs relies on the average 2006 residential rate. We recommend that this assumption be updated to use more current information for all future demand side management proposals for new programs as well as revisions to existing programs.

2.2 Changes from Current Tariff

The revised tariff contains a host of differences from the current tariff and it is not our intent to point out each revision, rather our comments are limited to certain issues.

2.2.1 Current tariff, First Revision of Sheet No. 110.1

The Description category includes a statement that “Incentives will be paid after the home is completed”. Whether by oversight or intent that statement is missing in the proposed revised tariff. The Committee believes it should be included in order to help ensure that the packages and measures are constructed and installed as intended and to provide more certainty that the Program delivers the expected benefits.

2.2.2 Second Revision to Page No. 110.2. Table 1. 2008 Builder Incentive Levels. UT Single Family Category.

The current tariff contains a Base Package 1 and Base Package 2 requiring, among other things, SEER 13 and SEER 14 air conditioning equipment, respectively. The revised tariff creates Tiers 1, 2 and 3 in place of the Base Packages, and requires 13 SEER air conditioning in all Tiers as well as making other changes to the requirements and the incentive level payments. The revised Tariff creates a Plus Measure with an additional \$300 incentive payment for 14 SEER HVAC equipment with correct sizing and best practices installation.

The Committee understands that the change to make SEER 14 air conditioning equipment a plus measure with an additional incentive payment is intended to encourage greater market penetration of this more efficient equipment. The Company indicates that 14 SEER equipment provides 198 kWh saving above 13 SEER equipment. However, this change makes 13 SEER air conditioning equipment the standard for all three Tiers in the revised Program². The Committee recommends that if the Commission approves this tariff it require the Company to revisit the SEER levels for air conditioning equipment and present its findings to the Demand Side Management Advisory Group in time to make changes for the 2009 Program, if appropriate. This review should focus on determining whether keeping 13 SEER equipment as the “baseline” for the tiers and 14 SEER as a plus measure is still appropriate or if there is enough market penetration of 14 SEER that it should become the baseline for air conditioning equipment in the Program.

3 Corrections

Second Revision to Page No. 110.2, Table 1. 2008 Builder Incentive Levels, GSHP Option

² Effective April 1, 2006, ≥ 14 Seer was established by the U.S. Environmental Protection Agency (EPA) as the Energy-Efficiency criteria for qualified residential central air conditioners to earn the ENERGY STAR.

under equipment reads: Meet ENERGY STAR specification including well-based ground source heat pump. It appears that an asterisk is missing after the word “pump”. The following appears at the bottom of the page, *Builder incentives for GSHP will only be paid if natural gas is not available at the property line. This qualification should be tied back to the GSHP Option measure in Table 1.

First Revision to Sheet No.110.3, Table 2. 2008 Builder Incentive Levels is identified as UT Single Family. The heading should be corrected to read: UT Multi Family.

4 Recommendations

The Committee makes the following recommendations:

- 1) the Commission require the Company to update the average residential rate assumption in the cost effectiveness analysis to more current data for determining the cost effectiveness of future demand side management tariffs;
- 2) language be added to the tariff to make clear that incentives will be paid only after the home is completed;
- 3) the Company be required to work with the Demand Side Management Advisory Group to determine the appropriate SEER level for air conditioning incentives prior to beginning the 2009 Program; and
- 4) the Company correct the errors in the tariff sheets identified above, i.e., add an asterisk after the word pump in Second Revision to Page No. 110.2, Table 1 and change the heading on First Revision to Sheet No. 110.3, Table 2 to read UT Multi Family.