



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: February 24, 2016

Re: **RMP Advice No. 16-03, Proposed changes to Schedule 140 – Non-Residential Energy Efficiency**

Docket No. 16-035-T03

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 Non-Residential Energy Efficiency Program.

ISSUE

On February 9, 2016, the Company filed modified tariff pages to Utah Tariff Schedule 140 Non-Residential Energy Efficiency Program proposing changes to the program, specifically to decrease lighting incentives and modifications to other measures. On February 10, 2016, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 140 and report its findings and recommendation to the Commission by February 24, 2016. In addition to its Action Request, the Commission issued a Notice of Filing and Comment Period allowing interested parties until February 24, 2016 to provide comments with reply

comments due February 29, 2016. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Company proposes modifying tariff Schedule 140, specifically to decrease lighting incentives, add a maximum not-to-exceed or "up-to" incentive level, and update other measures based on the changing energy efficiency environment. The modifications as proposed are expected to stay within the projected 2016 DSM Deferred Account and Forecast Report¹ budget of approximately \$35.9 million for the *wattsmart* Business program.

The Company is proposing to modify the tariff to define all prescriptive measure incentives with a maximum not-to-exceed or "up-to" amount. This will allow the Company the flexibility to adjust incentive levels in response to market changes, efficiency standards, and align with Program budgets. The maximum incentive amount listed on the tariff is cost effective based on Cadmus report, Exhibit B, included with the filing. Current offered incentive levels will be listed on the program website. Any changes to the incentive level will be prefaced with a 45 day notice on the program website and will be communicated to stakeholders.

The Company is proposing multiple changes to the non-resident lighting program based on the shift to LED lighting technology for energy efficiency projects. The changes include pay-for-savings (\$/annual kWh saved) on retrofit lighting incentives, reduce commercial LED lighting incentives based on declining costs, exclude lighting energy efficiency projects from Bill Credit eligibility, and include a midstream delivery channel for the addition of new Tubular LEDs.

Included in the filing are adjustments to miscellaneous incentives or measure caps in response to changes to costs, eligibility criteria, baseline changes, or market developments.

The Cadmus cost effectiveness analysis for the program is provided in Exhibit B. The program changes are cost effective in four of the five standard cost tests with a Total Resource Cost Test

¹ Demand Side Management November 1, 2015 Deferred Account and Forecast Report, Dated November 2, 2015, Docket 15-035-48.

of 1.61, Total Resource Cost Test + Conservation Adder of 1.77, Utility Cost Test of 3.23, Participant Cost Test of 2.34, and Rate Impact Test of 0.72.

On January 29, 2016, a draft filing was provided to the DSM Steering Committee. The Company provided an overview of the changes to the DSM Steering Committee on February 4, 2016. The Division participated in the draft review and provided comments to the Company.

CONCLUSION

The Division concludes that the proposed program is cost-effective and is consistent with the Commission's goals to promote cost-effective DSM programs. Therefore, the Division recommends that the Commission approve the Company's proposed modifications to Electric Service Schedule 140.

CC Bill Comeau, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List