State of Utah
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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

Lane Mecham, Utility Analyst

Date: January 3, 2018

Re: **Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program**

Docket No. 17-035-T16

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 December 22, 2017, the Company filed modified tariff pages to Utah Tariff Schedule 140 Non-Residential Energy Efficiency Program requesting to make several changes to the tariff and other clean-up changes. Subsequently, 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 January 8, 2018. On December 22, 2017, the Commission also issued a Notice of Filing and Comment Period allowing interested parties until

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January 8, 2018 to provide comments with reply comments due January 12, 2018. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Company is proposing several changes to the tariff including adding controls-only lighting system retrofit incentives, updating the terminology for LED case lighting offerings, removing some induction and compact fluorescent lighting (CFL) offerings, adjusting HVAC offerings, lower cool roof offerings, expanding mid-market lighting offerings, expanding mid-market HVAC incentives to vendors, and other miscellaneous housekeeping changes included in the tariff but not called out in the Company's narrative.

The Company's proposal includes a controls-only lighting system upgrade separate from fixture replacements in order to, "allow incentives to be adjusted separately for the controls-only option without impacting the fixture replacement incentives[1]." The maximum incentive for the controls-only retrofit is the same as the existing fixture incentives, which is "up to" $0.20/kWh for interior lighting and $0.15/kWh for exterior lighting.

The Regional Technical Forum changed the terminology for LED case lighting offerings from reach-in or open cases to medium temperature (refrigerators) and low temperature (freezer) applications. The terminology is updated in this revised tariff.

To encourage the adoption of LEDs over less efficient sources, induction and compact fluorescent lighting (CFL) incentives are removed from the new construction/major renovation lighting incentives found in Table 1c.

Due to changes made by the Consortium for Energy Efficiency (CEE), the incentive for unitary commercial air conditioners is eliminated in Tier 1, reduced by $25 per ton in Tier 2, and a third "Advanced Tier" is added at $75 per ton. Changes are also recommended to unitary commercial

[1] https://pscdocs.utah.gov/electric/17docs/17035T16/298688Tariff12-22-2017.pdf

heat pump incentives which reduced both tiers by $25 per ton with no incentives in the newly created advanced tier.

The “Cool Roof” incentives are being cut in half from $0.10 per square foot to $0.05 per square foot based on the results of the 2014-2015 Utah ***watts***mart Business Program Evaluation.

The Company recommends Mid-Market lighting incentives be changed by adding more specific categories and assigning incentives to those categories that correlate with their energy savings.

Mid-Market HVAC incentives proposed changes add a $2/ton incentive for distributors to incent them to participate more. According to the Company, distributors have had difficulty in implementing the point-of-purchase incentives and this will help overcome that obstacle.

Analysis was provided with the filing on the cost effectiveness of the changes. The analysis shows that incentives remain cost effective through all sensitivities analyzed through the 2018 – 2019 period. The Division notes that the Utility Cost Test (UCT) for both the Mid-Market program and ***watts***mart Business program is relatively high at 3.07 and 3.36 respectively, but as the Company pointed out, the cost effectiveness for both programs is based on the “up to” incentive levels.

CONCLUSION

The Division concludes that the proposed changes are cost-effective and 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 Michael Snow, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List