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, Manager

Brenda Salter, Utility Technical Consultant

Date: February 25, 2019

Re: **Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program**, Docket No. 19-035-T01

Recommendation (Approval)

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 once the Filed Date on Tariff Sheet No. 14.11 is corrected.

Issue

On February 8, 2019, the Company filed modified tariff pages to Utah Tariff Schedule No. 140 Non-Residential Energy Efficiency Program requesting several measure changes to the tariff along with other clean-up changes. On February 8, 2019 the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule No. 140 and report its findings and recommendation to the Commission by February 25, 2019. Subsequently, the Commission issued a Notice of Filing and Comment Period allowing interested parties until February 25, 2019 to provide comments with reply comments due March 1, 2019. This memorandum represents the Division's response to the Commission's Action Request and Notice of Filing and Comment Period.

Background

The Company is proposing several changes to the Non-Residential Energy Efficiency Program (Program) specifically to adjust customer incentives and add new measures. The adjustments include modifying the design of lighting system retrofit and non-general illuminance incentives, adjust Mid-Market lighting incentives, adjust new construction/major renovation lighting incentives, add new measure variations of Advanced Rooftop Unit controls, and other miscellaneous measure maintenance changes.

Discussion

The Company's proposal includes modifications to lighting system retrofit incentives. The Company has provided data that shows small to medium commercial customers are not taking advantage of the program like the larger commercial customers. In order to optimize program participation, the Company is proposing to change the incentive design and to segment incentives between small, medium and large customers.

The lighting system retrofit is currently based on kilowatt hour savings which appears to be advantageous to large customers who have high-hour facilities. In order to encourage smaller customer participation, the Company is proposing to shift lighting incentives to a per-watt reduced basis. The Company's analysis shows that cost-effectiveness, large customer participation and large customer average incentives will remain at basically the same levels. The analysis also indicates that lower-hour facilities participation will increase therefore an increased ability to meet a broader spectrum of participants.

Customer segmentation will also be implemented based on modeling software to take into account the size of the customer in order to optimize the incentive level per customer. Through informal discussions with the Company, the Division notes that a function will be added to the ***watts***mart Business vendor website that will allow venders and customers to determine the segment to which each customer belongs. The Company intends this function to be up and running by the effective date of this filling.

The Company proposes to include both the prescriptive Mid-Market lighting incentives and the non-prescriptive lighting system retrofits in the same table. This will allow customers to participate in the pre-approval and the Mid-Market programs at the same time. Tariff Table 1a includes the maximum incentive amounts that are cost-effective. Tables will be maintained on the Programs website broken out by customer size with the current incentive offered amounts and will be updated through the 45-day notice process.

Because of market adoption and reduced participation of non-general illuminance measures, Tariff Table 1b Non-General Illuminance is proposed to be removed from the tariff and these measures will be included in custom offerings as part of Tariff Table 1a.

The Company is reinstating Mid-Market incentive offerings that were reduced to zero in May of 2018. The Company observed that the adoption of these measures had not fully occurred and is restoring them at a lower incentive level. The Company is proposing to add Troffer Kits and Ambient Kits to the Mid-Market program in 2019. These kits show they are more energy efficient and provide better lighting quality than lamp replacements.

In order to incent higher quality more efficient lighting options, the Company is proposing changes to the New Construction/Major Renovation Lighting incentives. Incentives will be offered based on the Design Lights Consortium Premium category requirements list. Exterior lighting incentives will only be offered with advance lighting controls.

Advanced Rooftop Controls have been limited to existing rooftop units but experience and customer feedback has indicated that there is a large amount of savings potential in Utah. The Company proposes to expand the program to new rooftop units and rooftop units with existing variable speed motor capacity.

Multiple Schedule No. 140 measure changes are proposed based on the Company’s review of market conditions and current measure research.

Analysis was provided with the filing on the cost-effectiveness of the proposed changes. The Company included analysis of the expected participation along with sensitivity analysis of 10% increased and 10% decreased participation. The analysis shows that Program incentives remain cost-effective in all sensitivities analyzed through the 2019 period. The Division notes the Utility Cost Test for the expected participation of the ***watts***mart Business program is 1.79, which is based on the "up to" incentive levels in the tariff and not necessarily the offered incentive.

The Division notes, as filed, Tariff Sheet No. 140.11 contains an incorrect Filed Date of February 9, 2019. The Division requests the Company correct the Filed Date to February 8, 2019 and refile Sheet No. 140.11 in reply comments due March 1, 2019.

Conclusion

The Division concludes that the proposed changes are cost-effective and consistent with the Commission's goals to promote cost-effective DSM programs that are just and reasonable and in the public interest. Therefore, the Division recommends the Commission approve the Company's proposed modifications to Electric Service Schedule No. 140 once the Company provides the correction to Tariff Sheet No. 140.11.

Cc: Michael Snow, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List