

November 3, 2020

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

Re: **Reply Comments**
In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 111, Residential Energy Efficiency Program
Docket No. 20-035-T09

On October 14, 2020, the Public Service Commission of Utah ("Commission") issued a Notice of Filing and Comment period in the above referenced matter, allowing parties to file comments by October 27, 2020, and reply comments by November 3, 2020. The Division of Public Utilities (the "Division") and Office of Consumer Services (the "Office") filed comments, and Utah Clean Energy ("UCE") and Southwest Energy Efficiency Projects ("SWEEP") filed joint comments. Rocky Mountain Power (the "Company") provides these reply comments in response to comments filed by the aforementioned parties.

PARTY RECOMMENDATIONS

The Division concludes that the Company's filing is reasonable, appropriate, and cost-effective, and recommends that the Commission approve the Company's filing as proposed.

The Office recommends that the Commission approve the Company's filing, with the exception of the dual fuel heat pump measure until inconsistencies can be resolved between the Company's and Dominion Energy Utah's ("Dominion") offering. As explained below however, the Company does not believe there currently are inconsistencies in need of resolution.

UCE/SWEEP support the Company's proposals, albeit with several recommendations throughout their comments, which the Company addresses in the sections below.

BACKGROUND

The Company has been working with Dominion for nearly two years to collaborate on the dual fuel heat pump offering. The Company and Dominion have met regularly to coordinate program timelines for bringing new heat pump technologies into the market with our respective DSM programs for the betterment of Utah and to meet the growing demand for this technology. Meetings

have also been held with program staff and engineers to discuss savings assumptions, baselines and technology standards in an effort for both utilities to be aligned. Notwithstanding the alignments between the Company and Dominion, there are appropriate variances in assumptions, savings, and other metrics specific to energy type.

On March 12, 2020, the Company initially presented and discussed the contents of this filing with Steering Committee members, including dual fuel heat pumps. On June 4, 2020, the Company again reviewed and discussed the upcoming proposed changes to the residential program with the Steering Committee, including dual fuel heat pumps. On September 30, 2020, a draft of the Company's filing was circulated to Steering Committee members for review and to solicit feedback prior to filing. On October 7, 2020, the Company held a question and answer conference call concerning the draft filing to further address stakeholder questions. On October 20, 2020, the Company held another Steering Committee meeting that included an open discussion for any remaining questions or concerns Steering Committee members may have had regarding the Company's filing. Additional email correspondence and phone conversations with individual Steering Committee members also occurred in an effort to address questions and feedback received from Steering Committee members.

The Company made a thorough effort to engage stakeholders and answer all questions that were posed prior to this filing, and will continue these efforts in the interest of transparency and collaboration.

DISCUSSION

Office Comments

The Office's comments ask a series of questions concerning dual fuel heat pumps and references the coordination between the Company's and Dominion's offering. Responses to these questions are offered below:

- 1. Did RMP choose a set point of 32 degrees Fahrenheit as it told the OCS? If so, why? Or does RMP intent to include different set points based on climate zones as it told the DPU? If so, precisely how will the requirements be communicated to installers and customers?***

The set point of 32 degrees Fahrenheit is simply the minimum temperature at which dual fuel heat pumps can remain efficient using electric energy. Heat pumps still produce heat below 32 degrees using electric energy, but the low temperature drastically reduces the heat efficiency. If dual fuel heat pumps are approved, one of the Company's requirements will be having a set point that is 32 degrees or higher to retain efficiency. The set point of 32 degrees is universal and will not be different based on climate zone. The Company clarified this point to the Division via email correspondence sent October 22, 2020. If approved, dual fuel heat pumps will be installed by approved contractors. Approved contractors will be trained on measure requirements and will set the set point at the time of installation.

- 2. *How does the set point impact the cost-effectiveness evaluation? Did RMP use a single set point value in its cost effectiveness projections?***

The set point impacts cost-effectiveness inasmuch as it impacts the savings values for the measure. The set point can impact the savings given that the equipment will use more or less electric energy depending on what temperature the set point occurs. The Company used a 40-degree single set point in its modeling, which is consistent with the set point temperature proposed by Dominion in their Application filed October 23, 2020 in Docket No. 20-057-20. As further discussed above, the 32-degree minimum requirement is based on the efficiency of the equipment rather than the cost-effectiveness.

- 3. *The OCS understands that RMP and DEU have coordinated some on climate zone definitions that are applicable to where in Utah a dual fuel heat pump will be geographically located. Therefore, why are RMP and DEU involved in mandating a set point at all? If it's the HVAC technician that sets the set point at installation, how would the technician know to either use RMP or DEU's mandated set point? Wouldn't it be more suitable for the HVAC technician to set a set point appropriate for the climate zone that the dual fuel heat pump will be geographically located?***

As previously stated, the minimum set point of 32 is universal regardless of climate zone. Incentive amounts may be impacted by climate zone, but not set points. The set point requirement is necessary to ensure the equipment operates at optimal efficiency. The technicians that install equipment will be trained on requirements, including set points. If both the Company's and Dominion's dual fuel heat pump offerings are approved, the Company will continue to work with Dominion to ensure offering requirements align and complement one another, make for a good customer experience, and will not create confusion in the market. If Dominion's offering is not approved, the Company's offering remains independently cost-effective and can still proceed.

- 4. *Is there another measure(s) besides climate zones that should be considered in the determination of a set point for a dual fuel heat pump owner, and how would that be communicated to the HVAC installer?***

Climate zones are not a determining factor for set points. Set points are based on the efficient operation of the equipment and will be set at the time of installation. As previously stated, approved HVAC installers will install equipment, and will be trained on program requirements, including set points.

With the clarity provided above, there will be no inconsistencies regarding the dual fuel heat pump set point and other requirements between the Company and Dominion. Accordingly, the Company recommends the dual fuel heat pump offering be approved as proposed in this filing.

UCE/SWEEP Comments

UCE/SWEEP's comments made a series of recommendations for various measure proposals. Responses to these recommendations are provided below:

- **Heat Pump Water Heaters (HPWH)** – UCE/SWEEP recommend that as the HPWH market matures, the Company incorporate HPWH units in the program that are compatible with load control devices. The Company will continue evaluating HPWH technology as it evolves to determine the viability for future offerings and compatibility with load control opportunities.

UCE/SWEEP further recommend increasing the maximum incentives to \$1,000 for non-self install incentives. The maximum cost-effective amount for HPWH incentives according to the Company's cost-effectiveness analysis, and stated in the Schedule 111 tariff sheets, is \$700 for existing homes and \$800 for new homes. The Company recommends keeping its maximum incentive levels as proposed in order to align with its cost-effectiveness analysis.

- **Smart Devices** – UCE/SWEEP recommend the Company evaluate providing incentives for home energy monitoring devices, referencing results from two pilot programs of other utilities. The Company has researched these devices previously, but have not been a recommended offering to date. Notwithstanding, the Company acknowledges the pilot programs referenced in UCE/SWEEP's comments and will review them and other market research as the technology evolves to help inform these types of measures for future consideration.
- **Heat Pump Clothes Dryer** – UCE/SWEEP requested clarity as to why the Company used the Utility Combined Energy Factor (UCEF) in lieu of the CEF performance rating. The Company's heat pump clothes dryer offering is sourced from the Regional Technical Forum's (RTF) Utility Energy Savings data. Since the RTF uses the UCEF as its performance rating criteria, that is what the Company defaulted to for this offering.
- **Air Source Heat Pumps (ASHP)** – UCE/SWEEP recommend the Commission order the Company to evaluate a 10 percent bonus incentive to customers that combine ASHP installations with other building envelope improvements as a means to promote building envelope installations. The Company agrees that encouraging building envelope improvements is desirable, which is why the Company proposed individual offerings in this filing specifically geared towards building envelope improvements, namely smart thermostats, energy efficient windows, insulation, and air sealing. Instead of offering a bonus incentive for customers who have the capital to combine installations, offerings for the ASHP and building envelope measures were added individually to encourage both, and allow customers to choose when they install improvements.

UCE/SWEEP further recommended that the Company offer a \$4,000 incentive for cold climate heat pumps, applicable to upgrade, conversion, and New Construction categories. The Company believes there is a much higher potential for dual fuel heat pumps in Utah, and pursued that technology in lieu of cold climate heat pumps. Additionally, cold climate heat pumps were not modeled in the cost-effectiveness analysis for this filing, so it is unknown if UCE/SWEEP's recommendation would be cost-effective. Notwithstanding, the Company can review this technology and discuss with Steering Committee members for future consideration.

- **Dual Fuel Heat Pumps** – UCE/SWEEP support dual fuel heat pumps, but expressed the same concerns as the Office regarding the temperature set point. The Company addressed this concern in the section above.
- **Ground Source Heat Pumps** – UCE/SWEEP recommend that the Commission require the Company to make the current offering for existing homes available to new homes. Upon further review, the Company intended to in fact add this offering for new homes in its Advice Letter, but was inadvertently omitted. This offering was cost-effectively modeled for new homes and was included in the cost-effectiveness analysis for this filing. The Company discussed the option of adding this offering in reply comments with the Division and the Office to give them an opportunity to opine. Both the Office and Division are supportive of adding this offering and authorized the Company to convey their support in these reply comments. No changes are necessary to the Schedule 111 tariff sheets to incorporate this additional offering, however the “website detailed” Table 5 for New Construction from the advice letter will be updated to include this offering with an initially offered and maximum incentive amount of \$2,000 for ENERGY STAR Certified units.
- **Building Envelope** – UCE/SWEEP recommend the Commission order the Company to require trade allies who are promoting ASHP measures to also promote building envelope offerings as a package to all customers. The Company's Trade Allies are currently trained on all applicable offerings in the Company's programs and are encouraged to promote all available offerings to customers.
- **Other** – UCE/SWEEP recommend that the Commission require the Company to make all promotional materials available in Spanish as well as English. The Company currently does and will continue to provide Spanish language materials as deemed appropriate based on program promotions and offerings.

CONCLUSION

The Company is appreciative of the extensive stakeholder engagement that has occurred this year, and continues to encourage Steering Committee members to reach out to the Company with their questions. The Company also looks forward to its continued collaborative efforts with Dominion.

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Based on the support expressed in party comments, and clarity provided herein, the Company continues to believe its proposal is prudent and in the public interest, and recommends the Commission approve it as proposed, effective November 9, 2020.

Sincerely,

A handwritten signature in blue ink that reads "Michael S. Snow". The signature is written in a cursive style with a long, sweeping underline.

Michael S. Snow
Manager, Regulatory Affairs

Enclosures

CERTIFICATE OF SERVICE

Advice No. 20-10
Docket No. 20-035-T09

I hereby certify that on November 3, 2020, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck mbeck@utah.gov

Division of Public Utilities

dpudatarequest@utah.gov

Rocky Mountain Power

Data Request Response Center datarequest@pacificorp.com

Jana Saba jana.saba@pacificorp.com

utahdockets@pacificorp.com

Michael Snow michael.snow@pacificorp.com



Katie Savarin
Coordinator, Regulatory Operations