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Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 111, Residential Energy Efficiency Program	<u>DOCKET NO. 20-035-T09</u>
	<u>ORDER</u>

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ISSUED: November 6, 2020

### **PROCEDURAL BACKGROUND**

On October 9, 2020, Rocky Mountain Power (RMP) filed with the Public Service Commission of Utah (PSC) Advice No. 20-10 (“Application”), proposing revisions to Electric Service Schedule No. 111, Residential Energy Efficiency (“Schedule 111”) of RMP’s Tariff P.S.C.U. No. 50 (“Tariff”). The filing proposed revisions to Sheet Nos. 111.1, 111.3, 111.4, 111.5, 111.6, and 111.7.<sup>1</sup> RMP requested an effective date of November 9, 2020 for these modifications.

On October 14, 2020, the PSC issued a Notice of Filing and Comment Period. On October 26, 2020, the Division of Public Utilities (DPU) filed comments. On October 27, 2020, the Office of Consumer Services (OCS) and Utah Clean Energy/Southwest Energy Efficiency Project (UCE/SWEEP) each filed comments. On November 3, 2020, RMP filed reply comments.

### **RMP’S APPLICATION**

In its Application, RMP proposes revisions to Schedule 111, otherwise known as the Home Energy Savings (HES) Program, that adjust incentives, add new offerings, retire existing offerings, and streamline certain offerings for the following measure categories and types: 1) LED Lighting Incentives; 2) Appliance Incentives (Room Air Conditioners and Low Flow Showerheads/Aerators, Thermostatic Shower Restrict Valve, WiFi Smart Plug and Light Switch,

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<sup>1</sup> Note: The extensive modifications proposed in the Application result in the cancellation of Sheet Nos. 111.6 and 111.7.

Smart Home Energy Management System Bundle, Lighting Occupancy Sensor, Room Air Cleaner, Heat Pump Clothes Dryer, Clothes Washer, Refrigerator, Freezer, and Dishwasher); 3) Building Envelope Incentives (Smart Thermostats, Windows, and Infiltration Control (Air Sealing); 4) Heating, Ventilation, and Air Conditioning (HVAC) Incentives (Gas Furnace Electronically Commutated Motor; Evaporative Cooler/Central Air Conditioner/Heat Pump/Whole House Ventilation Fan, Dual Fuel Heat Pump, Duct Sealing, Smart Thermostat, Engine Block Heater Control, and Bathroom Exhaust Fan); 5) New Construction Incentives (Heat Pump Water Heater and Heat Pump); and 6) Insulation Incentives (Insulation). RMP's proposal also includes necessary Tariff sheet administrative changes.

RMP states the purpose of the proposed changes is to better align measure research, market conditions, and cost-effectiveness thresholds. The Application includes portfolio cost-effectiveness test results and sensitivity analyses prepared by Guidehouse for RMP's HES Program including the proposed modifications. The analysis indicates the HES Program is expected to remain cost effective for years 2020-2021 under the Utility Cost Test (UCT) and the Participant Cost Test (PCT) with benefit/cost ratios of 1.36 and 1.60 respectively. The program changes show they are not cost effective under the Total Resource Cost Test (TRC) with a ratio of 0.53 and a ratio of 0.35 for the Rate Impact Test (RIM).

#### **COMMENTS**

***a. Parties generally support or support certain elements of the Application***

DPU recommends the PSC approve the Application as filed with an effective date of November 9, 2020. DPU states the Application is reasonable and it is appropriate to simplify Schedule 111 enabling RMP to respond to market conditions.

OCS generally supports RMP's proposed changes and additions to Schedule 111 as they are projected to be cost effective. OCS expresses concern regarding the proposed incentive for dual fuel heat pumps.

UCE/SWEEP support proposed measures for: heat pump water heaters; WiFi Smart Plug and Light Switch, Smart Home Energy Management System Bundle, and Lighting Occupancy Sensor Incentives; Room Air Cleaner Incentive; Air Source Heat Pumps; Ground Source Heat Pump Incentive for existing homes; and Building Envelope Incentive – the addition of efficient windows and air sealing incentives, insulation, and duct sealing. UCE/SWEEP support the concept of providing incentives for a dual fuel heat pump incentive but are concerned with certain program details.

***b. Incentives for dual fuel heat pumps***

DPU observes RMP's Application did not mention a standardized set point at which the switch to a gas furnace occurs. DPU states RMP clarified that industry standards along with Utah climate zones will be used to set the switch point for optimal efficiency, and that details for rebates on dual fuel heat pump conversion and installation, whether electric or gas, will be clear.

OCS maintains RMP has not provided sufficient information for stakeholders to fully understand the ramifications of the new dual fuel heat pump offering. OCS notes RMP has coordinated this incentive with Dominion Energy Utah (DEU) but the fuel switchover set point requirements for each company are different (i.e., 32 degrees Fahrenheit or higher for RMP and 40 degrees Fahrenheit or lower for DEU). OCS provides a list of questions which it believes need to be addressed.

OCS recommends the PSC either: 1) reject the dual fuel heat pump incentive and otherwise approve the remaining tariff changes and additions to Schedule 111; or 2) suspend the Tariff filing and require additional stakeholder outreach.

Like OCS, UCE/SWEEP state RMP and DEU have not yet fully aligned on certain program details, such as the temperature set points that dictate the temperature when the air source heat pump provides heating and when the natural gas furnace provides heating. Therefore UCE/SWEEP recommend the PSC either: 1) reject RMP's proposed incentive for dual fuel heat pumps and order RMP to work with DEU and other stakeholders to coordinate on the program details and refile the proposal, or 2) approve RMP's proposed incentive for the dual fuel heat pump incentive but set the implementation date to take effect after RMP has worked with DEU and stakeholders and submitted a compliance filing to this effect.

In its reply comments, RMP provides responses to four items OCS maintained needed to be addressed pertaining to set points, cost effectiveness projections, climate zones, and communications with and responsibilities of HVAC installers. RMP asserts that with the clarity provided in its responses, there will be no inconsistencies regarding the dual fuel heat pump set point and other requirements between RMP and DEU. RMP also commits to continue to work with DEU to ensure offering requirements will not create confusion in the market.

***c. Incentives for ground source heat pumps for new homes were inadvertently omitted from RMP's Application***

UCE/SWEEP observe RMP's Application does not include an incentive for ground source heat pumps (GSHP) for new homes. UCE/SWEEP maintain that if the GSHP incentive is cost effective for existing homes it is reasonable to assume that the measure would also be

cost effective for new homes, given that it is generally even more cost effective to incorporate energy technologies into a new home during the time of construction.

In reply RMP states that it inadvertently omitted the addition of the ground source heat pumps offering for new homes in its Application. According to RMP, this offering was cost-effectively modeled for new homes and was included in the cost-effectiveness analysis for this filing. RMP now proposes adding the GSHP offering for new homes.

RMP asserts the DPU and OCS have authorized RMP to state their support for adding GSHP offering for new homes.

***d. UCE/SWEEP offer recommendations on certain proposed program measures***

UCE/SWEEP provide recommendations or comments on the following categories:

***Heat Pump Water Heaters (HPWH) Incentive:*** UCE/SWEEP recommend RMP incorporate HPWH units that are compatible with load control devices/programs into the HES Program. RMP replies that it 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 incentive for the non-self-install/contractor incentive to more directly incentivize contractors to promote these units. In response RMP recommends maintaining its maximum incentive levels as proposed to align with its cost-effectiveness analysis.

***WiFi Smart Plug and Light Switch, Smart Home Energy Management System Bundle, and Lighting Occupancy Sensor Incentives:*** UCE/SWEEP recommend RMP evaluate providing incentives for home energy monitoring devices that provide real-time, appliance-level electricity

consumption information to consumers without using smart plugs and switches. RMP commits to consideration of these measures in the future.

***Heat Pump Clothes Dryer Incentive:*** UCE/SWEEP support this proposed measure in concept but question why the eligibility range is based on the “Utility Combined Energy Factor” performance rating rather than the standard “Combined Energy Factor.”

RMP explains it sourced the heat pump clothes dryer offering from the Regional Technical Forum’s Utility Energy Savings data.

***Air source heat pumps (ASHP):*** UCE/SWEEP recommend the PSC direct RMP to evaluate a 10% bonus incentive for ASHPs if building envelope improvements are made at the same time.

In reply, RMP states it agrees encouraging building envelope improvements is desirable, which is why the Application proposed individual offerings specifically geared towards building envelope improvements. In lieu of offering a bonus incentive for customers who have the capital to combine installations, RMP added individual offerings for the ASHP and building envelope measures to encourage them and to enable customers to choose when to install the improvements.

Further UCE/SWEEP recommend that since the technology for cold climate heat pumps is not as mature in Utah, RMP should include an explicit incentive of \$4,000 for heat pumps (Upgrade, Conversion, and New Construction categories) meeting cold climate specifications.

RMP replies that it 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. RMP states it can review this technology and discuss it with the Steering Committee in the future.

**Building Envelope Incentive:** UCE/SWEEP recommend the PCS order RMP to require trade allies who are participating in the ASHP incentive to promote these revised building envelope incentives as a package to all customers who participate in the ASHP incentives. RMP replies its trade allies are currently trained on all applicable offerings in RMP's programs and are encouraged to promote all available offerings to customers.

**Promotional Material in Spanish:** UCE/SWEEP recommend the PSC require RMP to make all promotional materials for these incentives available in Spanish as well as English as a means to effectively serve all ratepayers. RMP replies that it currently provides Spanish language materials as deemed appropriate based on program promotions and offerings and will continue to do so.

### **DISCUSSION, FINDINGS, AND CONCLUSIONS**

Based on RMP's Application, as modified in its reply comments, and the associated cost-effectiveness analyses, the comments of DPU, OCS, and UCE/SWEEP, and RMP's reply comments, we find and conclude RMP's proposed changes to Schedule 111 are in the public interest. Therefore, we approve RMP's Application, including an incentive for ground source heat pumps for new homes proposed in its reply comments, and the modifications to Tariff Schedule 111 as filed, effective November 9, 2020.

We find RMP's responses to OCS and UCE/SWEEP's comments provides reasonable explanations and clarifications, particularly those addressing the dual fuel heat pump issue because the differences in set points are not irreconcilable for customers. Further, we accept RMP's commitment to continue to work with DEU. RMP should continue to communicate with

the Steering Committee to enhance parties' understanding of the dual fuel heat pump program and other demand-side management issues.

**ORDER**

- 1) We approve the Application, including the inclusion of a ground source heat pump incentive for new homes proposed in RMP's reply comments.
- 2) We approve the revisions to Schedule 111, Sheet Nos. 111.1, 111.3, 111.4, 111.5, 111.6 and 111.7 as filed, effective November 9, 2020.

DATED at Salt Lake City, Utah, November 6, 2020.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#316259

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 30 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on November 6, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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Administrative Assistant