



State of Utah

Department of Commerce  
Division of Public Utilities

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## Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Paul Hicken, Technical Consultant

**Date:** November 22, 2021

**Re:** **Docket No. 21-035-T13**, In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule 140, Non-Residential Energy Efficiency Program.

### Recommendation (Approval)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) approve Rocky Mountain Power's (RMP or Company) proposed tariff revisions to Schedule 140, Non-Residential Energy Efficiency Program effective January 1, 2022.

### Issue

On November 10, 2021, RMP filed Advice No. 21-07 with the Commission proposing revisions to Schedule No. 140, Non-Residential Energy Efficiency Program, with a requested effective date of January 1, 2022.

## **Background**

The Non-Residential Energy Efficiency Program (Program) is managed and described under Schedule 140 of RMP's Electric Service Tariff. The Schedule 140 tariff sheets were originally proposed in Docket No. 13-035-89 and approved with an effective date of July 1, 2013. At that time the Company felt it was important to have more granular information and details in the tariff from a control and risk standpoint, given the Program was still in its infancy. Over time, it became increasingly more difficult to achieve energy efficiency and savings cost effectively and adapt quickly to market conditions. In 2020, the Company proposed changes to streamline the Schedule 140 tariff sheets to accommodate necessary flexibility with its offerings. These changes became effective October 2, 2020, with approval of Docket No. 20-035-T06. The Company continues to monitor market fluctuations and make modifications to the Program as necessary.

On November 10, 2021, the Commission issued an action request to the Division requesting to investigate RMP's filing and make recommendations. The Commission asked the Division to report back by November 24, 2021. The Commission also issued its Notice of Filing and Comment Period on November 12, 2021. Any party may submit comments on or before November 26, 2021, and reply comments on or before December 3, 2021. This memorandum represents the Division's response to the Commission's request to investigate RMP's filing.

## **Discussion**

The filing proposes changes to the Non-Residential Energy Efficiency Program administered through Electric Service Schedule No. 140, which will streamline and align rates with targets and current market conditions. The proposed adjustments which are identified and shown in detail in Exhibit A of the filing, will add or change the following:

1. New offerings for Whole Building New Construction.
2. New offerings for Controlled Environment Agriculture Lighting.
3. Miscellaneous updates to incentives and eligibility criteria for the following measure categories:
  - a. Lighting;
  - b. Motors;
  - c. HVAC equipment;
  - d. Building Shell;

- e. Irrigation;
- f. Small Business Enhanced;
- g. Mid-Market Lighting; and
- h. Whole Building New Construction.

The proposed adjustments are requested as a result of the Company's ongoing analysis of its offerings including reviews of eligibility requirements, savings assumptions, and incentive levels needed to improve Program offerings. The purpose of these changes is to better align with current measure research and market conditions and cost-effectiveness thresholds.

Applied Energy Group (AEG) conducted a cost-effectiveness analysis of the Wattsmart Business Program, also referred to as the Non-Residential Energy Efficiency Program, for program years 2022-23. The results of this study are presented in Exhibit B of the filing and it is expected to remain cost effective with a benefit to cost ratio of 1.83 for the Utility Cost Test (UCT) and score of 1.94 on the Participant Cost Test (PCT).

On October 19, 2021, the Company circulated a draft of the advice letter to DSM Steering Committee members for initial review and comment. On October 27, 2021, the Company held a meeting with the Steering Committee members to further discuss the proposed changes. The Company noted in the draft review that the cost effectiveness was still being prepared and was not included in the draft filing. The Company indicated that the preliminary results show the program to be cost effective. As noted above, the anticipated UCT and PCT show the program to be cost effective for 2022. The Total Resource Cost Test with and without the Adder both indicate the program is not cost effective. The Company should not have indicated to parties in the draft review that the Program was cost effective without noting the cost-effectiveness measures that showed otherwise. In the future, the Company should be more candid with the Steering Committee about the full results of its analysis. It is understood that not all measures are cost effective in a program and the balance can result in a good program. The program has value as filed and the Division will monitor the program and notify the Commission if issues arise.

In review of RMP's advice letter for this matter the Division reviewed Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute

a violation of state law or Commission rule. The rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules, and orders. The filing does not appear to violate statute or rule.

## **Conclusion**

The Division concludes that RMP's filing is reasonable and appropriate to adjust the Schedule No. 140 and enable the Company to update for market conditions. The Non-Residential Energy Efficiency Program changes are expected to be cost effective under the UCT and PCT tests. The Division recommends that the Commission approve RMP's revised Tariff Schedule 140 filed on November 10, 2021, and make it effective January 1, 2022.

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