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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
Brenda Salter, Utility Technical Consultant Supervisor
Paul Hicken, Technical Consultant

Date: January 10, 2023

Re: **Docket No. 22-035-T13**, TARIFF Rocky Mountain Power's Proposed Changes to Schedule No. 140, Non-Residential Energy Efficiency Program.

Recommendation (Approval)

The Division of Public Utilities (DPU or Division) has reviewed the tariff filing and recommends the Public Service Commission (PSC or Commission) approve Rocky Mountain Power's (RMP or Company) proposed revisions to Schedule 140, Non-Residential Energy Efficiency Program (Program). The Company requests an effective date of February 1, 2023.

Issue

On December 29, 2022, RMP filed Advice No. 22-07 with the Commission proposing revisions to Schedule No. 140, Non-Residential Energy Efficiency Program. The purpose of this filing is to propose changes to the Program administered through Electric Service Schedule No. 140. The proposed changes are designed to adjust, discontinue, and add incentives and offerings throughout the Program, and to expand the incentive structure to be more inclusive of market actors. The proposed changes align with targets presented in the Demand Side Management (DSM) Deferred Account and Forecast Report filed on

Division of Public Utilities

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November 1, 2022, in Docket No. 22-035-37. The Company requests an order approving the proposed revisions with an effective date of February 1, 2023.

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 December 29, 2022, the Commission issued an Action Request for the Division to investigate RMP's filing and make recommendations by January 12, 2023. The Commission also issued a Notice of Filing and Comment Period on December 30, 2022, with comments due on or before January 13, 2023, and reply comments due on or before January 20, 2023. This memorandum represents the Division's response to the Commission's Action Request.

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 various tables of the Advice Letter and Exhibit A of the filing, will add or change the following:

1. New offerings for Network Lighting Controls and Controls Commissioning.
2. New offerings for Advanced Rooftop Controls.
3. New offerings for Engine Block Heater Controls.
4. Miscellaneous updates to incentives and eligibility criteria for the following categories:

- a. Lighting System Retrofits.
- b. New Construction/Major Renovation Lighting Incentives.
- c. Motor Incentives.
- d. HVAC Incentives.
- e. Incentives for Wastewater, Oil and Gas, Fleet Vehicle, and Other Refrigeration Energy Efficiency Measures.
- f. Market Incentives - Lighting,
- g. Market Incentives - HVAC.
- h. HVAC Check-up Incentives.

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.

Cost effective analysis for the Wattsmart Business Program, also referred to as the Non-Residential Energy Efficiency Program, was conducted by Applied Energy Group (AEG) for program year 2023. The results of this study, assuming the proposed changes are adopted, are presented in Exhibit B of the filing. It is expected to remain cost effective with a benefit to cost ratio of 1.76 for the Utility Cost Test (UCT), a score of 1.06 on the PacifiCorp Total Resource Cost Test (PTRC), and score of 2.20 on the Participant Cost Test (PCT).

The Company discussed the proposed changes with the DSM Steering Committee on October 27, 2022, and a draft Advice Letter was circulated on December 15, 2022, for review and comments. The Committee had no objections or suggestions.

Conclusion

The Company's Advice Letter for this matter, complies with 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 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, PTRC, and PCT tests. The Division recommends that the Commission approve

RMP's revised Tariff Schedule 140 filed on December 29, 2022, and make it effective February 1, 2023, as requested.

cc: Michael Snow, RMP.
Jana Saba, RMP.
Michele Beck, OCS.