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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, Assistant Division Director

Abdinasir Abdulle, Utility Technical Consultant Supervisor

Paul Hicken, Technical Consultant

Date: October 30, 2023

Re: **Docket No. 23-035-T10**, 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).

Issue

On October 12, 2023, RMP filed with the Commission, proposed tariff revisions to Electric Service Schedule No. 140, Non-Residential Energy Efficiency Program. The proposed changes are intended to align with targets in the 2024 Budget and Savings Forecast for Wattsmart Business and will be included in the Demand Side Management (DSM) Deferred Account and Forecast Report, which will be filed on November 1, 2023, in Docket No. 23-035-31. The Company requests an order approving the proposed revisions with an effective date of November 15, 2023.

Background

The Non-Residential Energy Efficiency Program is administered through Electric Service Schedule 140 of RMP's Electric Service Tariff. It is intended to maximize the efficient

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utilization of energy for new and existing non-residential loads through the installation of energy efficiency measures and energy management protocols.¹ 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 October 12, 2023, the Commission issued an Action Request for the Division to investigate RMP's filing and make recommendations by October 26, 2023. The Commission also issued a Notice of Filing and Comment Period on October 17, 2023, with comments due on or before October 31, 2023, and reply comments due on or before November 7, 2023. This memorandum represents the Division's response to the Commission's Action Request.

Discussion

The filing proposes changes to Schedule No. 140, which will streamline and align rates with targets and current market conditions. The proposed adjustments are identified and shown in detail in various tables of the Advice Letter and Exhibit A of the filing. They will modify or add the following:

1. *Clarify limitations for Whole Building New Construction incentives.* Certain facility types were not eligible for incentives but were mentioned in Table 1 on Sheet No. 140.2 of the tariff. To avoid confusion, the revision removes these facility types, namely refrigerated warehouses, data centers, laboratory clean rooms, supermarkets, and hospitals, from the Other Limitations column of the tariff sheet.

¹ Rocky Mountain Power Electric Service Schedule No. 140, Original Sheet No. 140.1.

2. *Adjust incentive offerings for Heating, Ventilation, and Air Conditioning (HVAC) measures.* Several proposed changes affecting HVAC incentives that are shown in Tables 3a and 3b on Sheet Nos. 140.4 and 140.5 respectively of the tariff, are summarized as follows:

- Unitary Commercial Heat Pumps – the proposal will increase the maximum incentive from \$75/ton to \$300/ton and increase the offered incentives from \$50/ton to \$120-\$300/ton based on size and whether the heat pump is an upgrade or conversion.
- Variable Refrigerant Flow (VRF) Heat Pumps – the proposal will increase the maximum incentive from \$75/ton to \$300/ton and increase the offered incentives from \$125-\$200/ton with Energy Star as a minimum eligibility requirement.
- Thermostats – the proposal will streamline thermostat offerings into a single line item to enable all eligible thermostats an incentive up to \$150. The adjustment adds a new line item to Table 3b for all thermostats and removes existing line items specific to programmable and occupancy-based thermostats.

The cost-effectiveness analysis for the Wattsmart Business Program, also known as the Non-Residential Energy Efficiency Program, was conducted by Applied Energy Group (AEG). The results of the study are presented in Exhibit B of the filing. Assuming the proposed changes are approved, the Program is expected to remain cost-effective with four measurements in PY2024. The Program passes the Utility Cost Test (UCT) with a score of 2.47. The score for the Total Resource Cost Test (TRC) with no adder was 1.11. The score for the Total Resource Cost Test with Conservation Adder (PTRC) was 1.22, and the score for the Participant Cost Test (PCT) was 1.81.

The Company shared a draft Advice Letter with the DSM Steering Committee on September 27, 2023, for review and comments.

The Company's Advice Letter for this matter complies with Utah Administrative Code R746-405-2(D), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule.

Conclusion

The Division concludes that RMP's filing is reasonable and appropriate to adjust Schedule No. 140 and enable the Company to update for market conditions. The Non-Residential Energy Efficiency Program changes are expected to remain cost effective under the UCT, TRC, PTRC, and PCT tests. The Division recommends the Commission approve RMP's revised Tariff Schedule No. 140 filed on October 12, 2023, and make it effective November 15, 2023, as requested.

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