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UTAH DEPARTMENT OF COMMERCE

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To: The Public Service Commission of Utah
From: The Office of Consumer Services
Michele Beck, Director
Alex Ware, Utility Analyst

Date: October 31, 2023
Subject: Docket 23-035-T10

In the Matter of: Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program (Wattsmart Business changes)

INTRODUCTION

On October 12, 2023, Rocky Mountain Power (RMP or Company) filed with the Public Service Commission of Utah (PSC) an application to modify tariff terms for Wattsmart Business energy efficiency program. On October 17, 2023, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit comments on RMP's filing on or before October 31, 2023 and reply comments on or before November 7, 2023. The Office of Consumer Services (OCS) provides the following comments pursuant to that schedule.

BACKGROUND

In its filing, RMP states that the proposed tariff changes are intended to make adjustments to commercial HVAC incentives to bring them in line with market conditions and to clarify terms for new construction incentives.

RMP'S PROPOSED TARIFF CHANGES

RMP is proposing to increase the incentive amounts for certain heat pump offerings. First, for Unitary Control Heat Pumps, the Company proposes to increase the maximum incentive from \$75/ton to \$300/ton and increase the offered incentive from \$50/ton to \$120 - \$300/ton based on the size of the unit and whether it is an upgrade or conversion. RMP states the intent of this adjustment is to "better support the evolution happening in the market toward heat pump technologies..."

Second, for Variable Refrigerant Flow (VRF) Heat Pumps, RMP proposes to increase the maximum incentive amount from \$75/ton to \$300/ton and to increase the offered incentive from \$125/ton to \$200/ton with Energy Star as a minimum eligibility requirement. RMP states that this incentive increase “better aligns with market costs for VRF heat pumps.”

Lastly related to HVAC incentives, RMP is proposing to streamline incentives for smart thermostats by creating one incentive offering maximum of \$150. Included in this change is a new line item for Connected Thermostats with an incentive offering of \$150. The OCS notes that \$150 is already the current incentive offering for thermostats that are 365 day programmable or occupancy based.

Finally, RMP is proposing minor tariff language changes for Whole Building New Construction incentives to clarify understanding of which building types are eligible for participation.

PROPOSAL COST EFFECTIVENESS

The OCS has reviewed RMP’s proposal, redline tariff language changes in Attachment A, and the cost effectiveness analyses included in Attachments B, C, and D (expected participation, high participation, and low participation scenarios). Under all scenarios, the Utility Cost Test (UCT) for the Wattsmart Business program is forecast to achieve a cost-benefit score of over 2.0 for the 2024 program year. Also, each measure category impacted by the changes proposed in RMP’s filing is also expected to remain cost effective.

RECOMMENDATION

After our review of RMP’s filing, especially considering the continued cost effectiveness of the Wattsmart Business program, the OCS has no concerns with these tariff updates proposed by the Company.

cc:

Jana Saba, Rocky Mountain Power

Michael Snow, Rocky Mountain Power

Chris Parker, Division of Public Utilities