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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 Director  
Abdinasir Abdulle, Utility Technical Consultant Supervisor  
David Fields, Utility Analyst  
Savannah Torman, Utility Analyst

**Date:** February 5, 2026

**Re:** **Docket No. 26-035-T02**, TARIFF Rocky Mountain Power's Proposed Tariff Changes to Electric Service Schedule No. 111, Residential Energy Efficiency

## Recommendation (Approval With Conditions)

The Division of Public Utilities (DPU or Division) has reviewed the tariff filing and recommends the Public Service Commission (PSC or Commission) approve with conditions Rocky Mountain Power's (RMP or Company) proposed revisions to Schedule 111, Residential Energy Efficiency Program (Program). The Company requests an effective date of February 27, 2026.

## Issue

On January 23, 2026, RMP filed Docket No. 26-035-T02 requesting modifications to the Residential Energy Efficiency Program. These changes are intended to align with the 2026 Budget and Savings Forecast filed on October 31, 2025, which projects a budget of \$25,000,000 and savings of 69,696 MWh.

## Background

The Residential Energy Efficiency Program is managed and described under Schedule 111 of RMP's Electric Service Tariff. It was initially proposed and adopted in November 2016 with the consolidation of the Home Energy Savings Program under Schedule 111 and the



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cancellation of the New Homes Program under Schedule 110. Schedule 111 has been modified several times since then to accommodate new technologies and to streamline and simplify rebate offerings as new products become available and with changes to the market. In Docket No. 17-035-T12, the Custom Multi-Family Program was approved as part of the Schedule 111, to offer participating customers education on the benefits of energy efficiency, to provide an energy/audit assessment of their property identifying energy saving measures that could be installed with the associated savings estimates, and an explanation of the life cycle and non-financial benefits that would result. Additionally, the program helps multi-family owners gain access to additional incentives and rebates offered by other utilities and federal agencies, tax credits, and financing.

## **Discussion**

Per Rocky Mountain Power, this filing reflects a shift away from saturated markets, such as standard LED lighting, and toward more complex efficiency measures. The proposed adjustments to RMP Schedule 111 restructure existing measures introduce several new, targeted incentives, while simultaneously reducing support in mature market segments.

The core changes are, per Rocky Mountain Power, aimed at modernizing the program and streamlining administration:

- **Appliance Incentives:** A new measure has been introduced for All-in-One Combination Washer/Heat Pump Dryers, offering a maximum incentive of \$200 with tiered rewards based on efficiency (Energy Star at \$100, "Most Efficient" at \$200).
- **Building Envelope:** Incentives for general windows have been simplified, shifting from a square-footage model (\$3/sq ft) to a flat \$50 per window. Additionally, Low-E Storm Windows are a new measure for single-family homes, with an incentive cap of \$30 per window.
- **HVAC Systems:** The proposal includes new measures for Advanced Duct Sealing (\$450 max incentive) and AI-driven Advanced Rooftop Heat Tape Controllers (up to \$500). Baselines for Ductless Heat Pumps are expanded to

include hydronic radiant heating (\$1,000 for customers). A new Window Heat Pump incentive of \$125 is established, limited to cooling efficiency (CEER > 16.8).

- Multifamily Programs: Maximum incentives for custom multifamily properties are reduced to \$0.42/kWh (Low Income) and \$0.35/kWh (Market Rate) due to market maturation. New construction lighting incentives are also significantly lowered (\$0.08–\$0.10/kWh) to account for LED market saturation.

Regarding cost-effectiveness testing, the Commission's Order in Docket No. 09-35-27 states the following:

(...), the 2009 Report recommends the utility cost test as the threshold test for program approval; the 1995 performance standards recommended passage of all tests. *We will continue to expect the Company to design programs that pass all of the tests at this stage of review and will consider any arguments to approve a program that fails certain tests but is still shown to be in the public interest.* We concur with the recommendation to require the program to pass the utility cost test at a minimum. [Emphasis added]

Additionally, the Commission's Order in Docket No. 24-035-47 updated the cost-effectiveness testing standard, stating that DSM programs can be designed to pass only the UCT "while continuing to maintain the critical review process outlined in the 2009 Order."<sup>1</sup> Put another way, the Company's DSM programs are only required to pass the UCT, but the Company is still expected to provide sensitivity analyses in regards to the other cost-effectiveness testing.

While the program meets the Utility Cost Test (UCT) with a favorable ratio of 1.45, the analysis reveals significant concerns regarding financial sustainability and participant equity based on other regulatory cost tests:

- Participant Cost Test (PCT) Deficit: The program yields a PCT ratio of 0.95 and negative net benefits of -\$7,256,248. This indicates that, on average, the out-of-

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<sup>1</sup> Docket No. 24-035-47, Order at 5.

pocket expenses for participants to adopt these measures may exceed the direct financial benefits (bill savings plus incentives), which could serve as a disincentive for long-term program adoption.

- **Low Total Resource Cost (TRC):** The TRC ratio is notably low at 0.47 (0.52 with the conservation adder). This suggests the total societal cost of the program substantially outweighs the measured energy benefits, which may raise questions of sustainability during subsequent regulatory review periods.
- **Reduced Multifamily Equity:** The reduction in maximum "up to" incentives for Low Income Multifamily (from \$0.47/kWh to \$0.42/kWh) and Market Rate (from \$0.39/kWh to \$0.35/kWh) properties raise equity concerns. This reduction could challenge the ability of affordable housing providers to finance and complete high-efficiency upgrades, potentially impacting the most vulnerable participants.
- **Narrow HVAC Scope:** The new incentive for Window Heat Pumps is restricted to cooling-mode only. This limitation is due to the lack of compiled heating test data from manufacturers. However, most of the Company's energy savings come from cooling.

While the proposed revisions to RMP Schedule 111 successfully maintain cost-effectiveness under the Utility Cost Test (UCT) with a 1.45 ratio, significant concerns remain regarding the program's long-term sustainability and equitable impact. The negative net benefits under the Participant Cost Test (PCT ratio of 0.95) and the low Total Resource Cost (TRC ratio of 0.47) signal a potential disincentive for participants and a societal cost that outweighs energy benefits. Furthermore, the reduction in incentives for Low-Income Multifamily properties and the cooling-only scope of the new Window Heat Pump incentive introduce equity and efficiency risks that must be addressed during regulatory review to ensure the program's goals are met for all participants.

Per the Orders in Docket Nos. 09-035-27 and 24-035-47, the Division first recommends that in future DSM Steering Committee meetings, the Company provides sensitivity analyses for why the program has sub-optimal results for the PCT, TRC, and RIM tests. Additionally, to

determine if the newly included measures are contributing to the worsening UCT scores, the Division also recommends that the Company continue to discuss new measures in its DSM Steering Committee meetings, complete with the target audience of the measure, the UCT results of the measure itself, and the impact of the measure on the UCT results for the entirety of the program.

## **Conclusion**

Rocky Mountain's Advice Letter for this matter complies with Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the proposed tariff does not constitute a violation of state law or Commission rule.

The Division concludes that RMP's filing reasonably satisfies the UCT measurement for defining cost-effectiveness, as directed by the Commission as the threshold test. Nevertheless, as has been reiterated on many occasions, the cost-effectiveness analysis presents a concern, specifically the failure on both the TRC (TRC at 0.47) and the TCT (PCT at 0.95). The Division recommends that Rocky Mountain Power provide measure-specific cost-effectiveness analysis of its proposed measure additions along with discussing new measures more fully in future DSM Steering Committee meetings to ensure the program meets the needs of its target customers.

cc Michael Snow, RMP  
Max Backlund, RMP  
Michele Beck, OCS