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# Office of Consumer Services

UTAH DEPARTMENT OF COMMERCE

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

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Date: February 9, 2026

Subject: Docket 26-035-T02

**In the Matter of:** Proposed Changes to Electric Service Schedule 111,  
Residential Energy Efficiency Program

## INTRODUCTION

On January 23, 2026, Rocky Mountain Power (“RMP or Company”) filed with the Public Service Commission of Utah (“PSC”) a tariff revision for Schedule 111 – Residential Energy Efficiency Program. On January 28, 2026, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit comments on RMP’s filing on or before February 9, 2026, and reply comments on or before February 17, 2026. The Office of Consumer Services (“OCS”) provides the following comments on the filing pursuant to that schedule.

## RMP’S PROPOSED SCHEDULE 111 TARIFF CHANGES

In its filing, RMP proposes to implement or adjust the following residential energy efficiency offerings within the Wattsmart Homes Program:

- *All-In-One Combination Washer / Heat Pump Dryer.* The Company states this combination appliance is gaining traction in the market and proposes a \$100 or \$200 incentive depending on which model of Energy Star equipment is installed.
- *Windows.* RMP proposes to change the current \$3 per square foot incentive to a flat \$50 per window. Also the Company proposes a new offering for Low-E Storm Windows at \$30 per window. RMP explains that these storm windows are Energy Star certified. The OCS researched that these types of windows are typically installed over other existing windows with a thermal air gap between them.

- *Ductless Heat Pump.* Currently, these offerings only include electrical resistant and supplemental heating technology. RMP now proposes to include hydronic radiant heating (commonly called under-floor radiant heating) but will maintain the current maximum incentives for heat pumps generally at \$2,500. The new hydronic radiant heating incentive will provide \$1,000 per unit for customers and \$300 per unit for contractors.
- *Advanced Duct Sealing.* This new offering would utilize aerosolized sealant technology to automatically locate and seal leaks from inside the duct system. RMP states this provides results tighter and more uniform than manual mastic sealing. The new offering maximum will be set the same as other duct sealing offerings (\$450), but offered incentives will be based on heating type and split between customers and contractors.
- *Advanced Rooftop Heat Tape Controller.* RMP states that this new measure will incentivize the adoption of advanced heat tape controllers that utilize artificial intelligence (“AI”) and snow cameras to automatically adjust based on conditions, which is more efficient than time-based systems. The maximum incentive amount will be set at \$500 per controller. The initial incentive will be \$500 per controller for customers with no existing controls and \$200 per controller for customers with existing timer controls.
- *Window Heat Pump (Cooling Mode Only).* The Company states that window heat pumps are a new technology, but manufacturers are still testing the efficiencies of the heating mode. Therefore, RMP proposes to begin including them in offerings but only for cooling mode at this time. The maximum incentive will be set at \$500 per unit but the initial offering will be set at \$125 per unit.
- *New Construction Lighting and Non-lighting (Custom Multifamily Program).* Currently, all new construction projects are awarded the same incentive amounts. RMP now proposes to split the incentive into two categories to allow a reduced lighting incentive amount. The Company states that under the split offering incentives for low income and market rate properties will be \$0.28/kWh and \$0.23/kWh for non-lighting, and \$0.10/kWh and \$0.08/kWh for lighting, respectively.
- *Prescriptive Retrofit HVAC, Windows, and Heat Pump Water Heaters (Custom Multifamily Program).* RMP states that the multifamily customer segment has matured and now requires a reduced incentive. The maximum and offered incentives for low income and market rate properties will be lowered to \$0.42/kWh and \$0.35/kWh, respectively.

## FORECAST COST-EFFECTIVENESS AND ANALYSIS CHANGES

For the 2026 program year, RMP estimates a total Wattsmart Homes portfolio budget of approximately \$25 million. The Company projects that these investments will yield roughly 70,000 MWh in energy savings. The Company provided Exhibit B with its filing, which contains an updated cost-effectiveness forecast of the entire Wattsmart Homes Program that incorporates the proposed changes discussed in the prior section of these comments.

Yet, before discussing the results of forecast, it's important to note new proposed changes to the forecast methodology. Most recently, RMP's cost-effectiveness outcomes were modeled across 3 scenarios that consider a low, expected, and high scenarios of +/-10% variations in participation. Following prior discussions with the DSM Steering Committee in which stakeholders expressed concern about forecast accuracy and the impact of large swings in participation, the Company now proposes to include a new variable that models the impact of the forecast being 10 percent lower than expected (90% realization rate vs 100% realization rate). This addition creates a total of 6 cost-effectiveness analysis scenarios, as seen in Tables 1 and 4 of Exhibit B:

Table 1: Scenario Definitions

Variables for Scenarios	Participation and Delivery Costs - Low (90%)	Participation and Delivery Costs - Expected (100%)	Participation and Delivery Costs - High (110%)
Realization Rate - Low (90%)	Scenario #1 - down-side case	Scenario #2 - mid-case	Scenario #3 - mid-case
Realization Rate - Expected (100%)	Scenario #4 - mid-case	Scenario #5 - Business as Usual / Expected Case	Scenario #6 - up-side case

Table 4: Annual Savings in kWh by Scenario (Scenario 5 is Expected Case) - PY2026

Program Year	Scenario	Gross kWh Savings at Site	Realization Rate <sup>2</sup>	Adjusted Gross kWh Savings at Site	Net to Gross Ratio	Net kWh Savings at Site	Measure Life
2026	Scenario 1 - down-side Case (90% Participation, Delivery Costs, and Realization Rate)	54,584,358	88%	48,116,217	86%	41,434,561	19
2026	Scenario 2 - Mid Case (100% Participation and Delivery Costs, with 90% Realization Rate)	60,649,287	88%	53,462,463	86%	46,038,401	19
2026	Scenario 3 - Mid Case (110% Participation and Delivery Costs, with 90% Realization Rate)	66,714,216	88%	58,808,710	86%	50,642,241	19
2026	Scenario 4 - Mid Case (90% Participation and Delivery Costs, with 100% Realization Rate)	54,584,358	98%	53,462,463	86%	46,038,401	19
2026	<b>Scenario 5 - Expected Case (100% Participation and Delivery Costs, with 100% Realization Rate)</b>	<b>60,649,287</b>	<b>98%</b>	<b>59,402,737</b>	<b>86%</b>	<b>51,153,778</b>	<b>19</b>
2026	Scenario 6 - Up-Side Case (110% Participation and Delivery Costs, with 100% Realization Rate)	66,714,216	98%	65,343,011	86%	56,269,156	19

The OCS reviewed Exhibit B in its entirety, including a review of the new scenarios. As seen in bold text in Table 4, the OCS notes that RMP defines Scenario 5 as the expected case where participation, costs, and forecast realization rate are all 100%. Across RMP's 6 scenarios, the forecast range of the Utility Cost Test ("UCT") for the whole Wattsmart Homes Program is 1.30 to 1.45 – implying that for every dollar spent on DSM programs the Utility avoids \$1.30 to \$1.45 in future supply-side costs. The expected case under Scenario 5 estimates an overall cost-effective UCT score of 1.45 for the Wattsmart Homes Program.

## **OCS HAS CONCERNS WITH RMP'S DSM PROGRAM**

*Two sub-areas of the Wattsmart Homes Program are not expected to be cost effective.*

While RMP's tariff update filing does not include a full listing of every incentive offering like we receive with the DSM annual report, the OCS notes that Tables 16 and 17 of Exhibit B show that even under the "expected" and "up-side" case scenarios, two sub-categories of Wattsmart Homes offerings (Electronics and Whole Building) estimate a UCT score below 1. This indicates that in the calculation of the overall Wattsmart Homes UCT score of 1.45, some ineffective measures are supported by the effective measures – called score aggregation. RMP has previously explained in DSM Steering Committee meetings that it believes there is value in continuing underperforming incentives if they are selected as part of a larger energy efficiency project, such as under the Whole Building offerings. The OCS understands that this is not a new practice, but with the reaffirmation by the PSC that the UCT will be the primary cost/benefit metric for Utah, we believe it would be helpful for the PSC to offer guidance on how much score aggregation is acceptable for the DSM program generally. For example, is there a UCT score threshold for an individual incentive below which it should be disqualified from score aggregation and discontinued for its lack of cost-effective participation?

*We Caution RMP from expanding the DSM program further until the Regulatory Liability to ratepayers has been remedied.*

While the OCS does not object to RMP's stated efficiencies of the proposed measure changes and will support this tariff update that is overall projected to remain cost effective under the UCT, we currently have concerns with the DSM program's finances – as we commented on in Docket No. 25-035-41 (RMP's 2026 DSM Forecast Report). To summarize our concerns in that docket, the DSM program has grown a large regulatory asset (a liability to ratepayers) that must be addressed. Therefore, we believe now is a time for caution. We recommend that RMP not make further changes to the DSM program until the Steering Committee can further discuss the most acceptable remedy to the financial concerns and a plan to prevent the ratepayer liability from ballooning again in the future. Overall, further budget growth is unacceptable until ratepayers receive an appropriate solution to RMP's regulatory asset.

*RMP should provide DSM stakeholders with a detailed understanding of its process to select or update incentive offerings.*

The OCS understands that RMP relies on market information and analysis to select DSM offerings and set rebate amounts. However, its an opaque process that deserves more clarity and understanding. Specifically, we would like to better understand the data sources and assumptions included in its review of incentive offerings. Therefore, during our review of the draft of this filing, the OCS asked RMP to provide the DSM Steering Committee with a detailed discussion of the process to review and select incentives and set rebate amounts. The Company has committed to providing this information to Stakeholders at the next Steering Committee meeting.

## **RECOMMENDATIONS**

Considering that RMP's proposed updates to Schedule 111 are anticipated to be cost-effective under the UCT, the OCS supports them and recommends that the PSC approve them.

However, this tariff update (which appears to finalize offering changes discussed by stakeholders in the planning for the 2026 budget) comes at a time of financial concern over RMP's ballooning regulatory asset (liability to ratepayers) of the DSM program. Thus, following the approval of this tariff update, we also recommend that the Company exercise caution and not make additional changes to the DSM program until the Steering Committee can discuss and finalize a solution and RMP has a plan to prevent another ballooning regulatory asset in the future.

In addition, we recommend that RMP provide the Steering Committee with a detailed explanation of the process to review and select DSM offerings and set rebate amounts. This review should include a thorough discussion on the sources of information, how they are used, and the assumptions used to construct a forecast.

Lastly, we recommend that the PSC consider the practice of cost-effectiveness test score aggregation that permits ineffective measures to remain in the portfolio as long as the overall program is cost-effective. Specifically, is there a threshold with a UCT score below 1 where an individual measure should be discontinued instead of reapproved?

cc:

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