



November 21, 2019

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, Utah 84111

Re: **Docket No. 19-057-26**—In the Matter of Dominion Energy Utah’s Application for Approval of the 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

Utah Clean Energy (UCE) and the Southwest Energy Efficiency Project (SWEEP) are submitting these joint comments in response to the Utah Public Service Commission’s notice for comments issued on October 17, 2019 and subsequently updated on November 15, 2019. We appreciate the opportunity to provide comments on Dominion Energy Utah’s filing in this docket. We generally support the application and provide brief comments to express support and make recommendations and requests for several items in the filing.

Since the ThermWise program was launched in 2007, the program has been successful at engaging Questar/Dominion Energy Utah (DEU) general service customers in conserving natural gas. According to the American Council for an Energy Efficiency Economy’s (ACEEE) 2019 State Efficiency Scorecard, Dominion Energy’s natural gas savings levels in 2018 were equivalent to 0.7% of commercial and residential retail sales of natural gas.¹ While this puts Utah in the top 10 states for natural gas efficiency, DEU’s performance is still below the leading states, which achieved between 1% and 1.5%.

Decreased Level of Natural Gas Savings

We are discouraged to see that DEU is forecasting an 11% decrease in natural gas savings in 2020.² This is especially concerning since, as DEU notes in its filing, Utahns rank air quality as a top concern yet believe that the state isn’t doing enough to improve air quality.³ DEU’s ThermWise natural gas efficiency program plays an important role in improving Utah’s air quality since conserving natural gas, and thereby reducing combustion of natural gas, is one strategy that reduces “area sources” of air pollution. “Area sources” of air pollution, which include our homes, buildings, restaurants, landscaping equipment, etc. are set to become the largest source of local air emissions by 2024 as emissions from

¹ ACEEE, 2019 state Energy Efficiency Scorecard, *found at* <https://aceee.org/research-report/u1908>.

² Dominion Energy Utah’s Application for Approval of the 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative, pages 19, 24, *found at* <https://pscdocs.utah.gov/gas/19docs/1905726/310329Application10-16-2019.pdf>.

³ Envision Utah, Your Utah Future, Air Quality Results, page 22, *found at* https://envisionutah.org/projects/your-utah-your-future/item/download/114_0eb0cde38f5d21e013975c738a2cd5da.



vehicles decline due to cleaner vehicles and fuels.⁴ When natural gas is combusted, emissions of nitrogen oxides are released which form particulate pollution in the atmosphere. In order to maximize the air quality benefits of natural gas conservation, we recommend that the Commission direct Dominion Energy to exceed its 2020 savings target with additional cost-effective natural gas savings if this is feasible without exceeding the approved budget by more than 10%. Increasing energy savings would mean more participants in the programs as well as increased economic and environmental benefits.

Builder Program

We support DEU's proposed modification of the Builder program to adopt a "pay-for-performance" model with the added "bonus" incentives for achieving ENERGY STAR certification and U.S. Department of Energy's Zero Energy Ready Home program specifications. The pay-for-performance model will provide builders additional flexibility for achieving natural gas savings in new home construction and adding the Zero Energy Ready Home program incentive will help the Utah construction market adopt the next generation of highly efficient home construction practices. However, the bonus proposed by DEU for meeting the Zero Energy Ready Home specification, \$50, is very small. According to the filing, the benefit-cost ratio for the Zero Energy Ready Home bonus incentive under the utility cost test is 2.2 and 2.3 for single family and multifamily respectively.⁵ This suggests that a higher incentive will be cost effective. We recommend that the Commission direct DEU to increase this bonus incentive to at least \$250 in order to help convince builders to build new homes that are as energy efficient as possible, as well as being wired to facilitate the addition of rooftop solar PV systems. It is most practical and cost-effective to increase the energy efficiency of a home at the time it is being built, rather than trying to retrofit the home later. Thus, it is critical that the utility program provide adequate incentives so that builders maximize energy efficiency in their new homes.

Weatherization Program – Direct-install Pilot Program

We support the proposal to extend the direct-install pilot program for two years. This program has shown promise in improving air sealing and insulation of 12,000 Utah homes. We request that, at an early 2020 ThermWise Advisory Group meeting, ThermWise program staff provide an in-depth presentation about the quality control strategies that the direct-install contractor utilizes to ensure high quality insulation and air sealing installations.

With regard to the design of the program, the Company has pointed out a need to shift from a focus on insulation measures to air sealing of the building envelope. We support doing air sealing work in homes that are in need of this, but also recommend that the program continue to install attic insulation in all homes that are under-insulated. Once the contractor is in the home, it makes sense to implement all energy efficiency measures that are practical and cost effective. Adding attic insulation meets these

⁴ Heather May, *Homes are a big part of Salt Lake City's air pollution problem. They also are the solution*, The Salt Lake Tribune, published August 26, 2019, updated August 28, 2019, found at <https://www.sltrib.com/news/environment/2019/08/26/homes-are-big-part-air/#gallery-carousel-5413693>.

⁵ Dominion Energy Utah's Application for Approval of the 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative, Exhibit 1.11, page 4, found at <http://pscdocs.utah.gov/gas/19docs/1905726/310341DEUExh1.11Model10-16-2019.pdf>.



criteria. In addition, we support the proposal by the Company to increase the number of homes that will be subject to energy savings evaluation during the extension phase. This evaluation should be conducted based on actual energy use pre- and post-retrofit, with adjustments for differences in weather and home occupancy.

In addition, it is our understanding that DEU and Rocky Mountain Power recently entered into a master inter-utility agreement, which will facilitate joint delivery and cost-sharing of energy efficiency programs between both utilities. Utah Clean Energy and SWEEP support this development and appreciates the effort that DEU, as well as Rocky Mountain Power, have invested in completing the master inter-utility agreement. Further, we recommend that DEU work with Rocky Mountain Power to jointly deliver the direct-install pilot program, if the two-year extension is approved. For example, adding LED lamps and smart thermostats to each of the homes participating in the direct-install program would be an effective way to provide additional energy savings to the thousands of participating homes with very little added effort and cost since the direct-install contractors are already visiting the homes.

Market Transformation Initiative

In its application, DEU proposes to continue its sponsorship of the Utah energy code training program in collaboration with the Governor's Office of Energy Development and an outside vendor. We support DEU's proposal to continue supporting this sponsorship. The Utah energy code training program is one of the few sources for building contractors, architects, engineers, local government building inspectors, and plan reviewers to receive detailed energy code training and education several times each year.

In addition, UCE and SWEEP support the proposal to continue the Net-Zero Homes initiative with Habitat for Humanity and the proposal to expand the initiative to include other non-profits, and high school and higher-education construction programs. This important market transformation initiative will build needed institutional capacity for net-zero construction among contractors and tradesfolk, and organizations building affordable housing for Utah families. In order to support a uniform method of designing and constructing "net-zero" homes as part of this Initiative we recommend that the Commission direct DEU to utilize the proposed Zero Energy Ready Home program specifications for homes receiving support through the Net-Zero Homes initiative.

Dominion Energy proposes to incorporate the tagline "Conserve, Save, Breathe" into the marketing of its ThermWise program. Generally, we are supportive of the proposed effort to associate natural gas conservation with improved air quality, which, as noted in the DEU's filing (and above), is an issue of utmost importance to Utahns. It is also timely since "area sources" of air emissions, which includes natural gas combustion in homes and buildings, is a growing percentage of Utah's air pollution inventory.⁶ However, the DEU will need to be careful in this marketing effort to accurately convey to its customers that it is the *conservation* of natural gas (*and resulting reduced combustion emissions*) that help to improve air quality. We appreciate that DEU proposes to work with the Advisory Group in early 2020 to discuss the proposed environmental messaging before implementing the marketing change.

⁶ See *id.*



Energy Comparison Report

DEU's application discusses in detail the history of the Energy Comparison Reports (ECR) program and the plans for continuation of the program in 2020. As part of this effort, the Company is proposing to use a lower average energy savings level in 2020 compared to 2019 (1.21 Dtherms per home, rather than 1.62 Dtherms per home). In addition, the Company is proposing to add 25,000 new homes to the ECR program in 2020, bringing the total number of homes served with reports to 266,000. UCE and SWEEP recommend that the Commission direct the utility to expand the new group to 50,000 homes thereby increasing the total number of homes receiving the ECR to 291,000. Doing so will help to mitigate the loss of aggregate energy savings due to declining average savings per home. The additional cost for this incremental expansion should be only about \$50,000, an amount that can be accommodated within the overall DSM plan budget.

Sincerely,

/s/ Kevin Emerson

Kevin Emerson
Energy Efficiency Program Director
Utah Clean Energy

CC:

Jenniffer N. Clark, Dominion Energy

Chris Parker, Division of Public Utilities

Michele Beck, Office of Consumer Services