
Dominion Energy Utah's Application for Approval of the 2021 Year Budget for Energy Efficiency Programs and Market Transformation Initiative	<u>DOCKET NO. 20-057-20</u>
	<u>ORDER</u>

ISSUED: January 5, 2021

SYNOPSIS

The Public Service Commission (PSC) approves Dominion Energy Utah's (DEU) 2021 Energy Efficiency Programs and Market Transformation Initiative budget of \$27.058 million and corresponding revisions to its Utah Natural Gas Tariff PSCU 500 ("Tariff"), effective January 1, 2021. The PSC also approves DEU's current pilot Direct-Install Pilot Program as an ongoing program.

1. PROCEDURAL HISTORY

On October 23, 2020, DEU filed its application for approval of the 2021 budget for its Energy Efficiency (EE) and Market Transformation Initiative (MTI) Programs ("Application"). On November 20, 2020, the Division of Public Utilities (DPU) filed comments. On November 23, 2020, Utah Clean Energy and the Southwest Energy Efficiency Project jointly filed (together, "UCE/SWEEP") and the Office of Consumer Services (OCS) filed, comments. On December 8, 2020, DEU filed reply comments.

2. DEU APPLICATION

DEU seeks approval of its 2021 budget for its EE and MTI programs and associated Tariff revisions. DEU proposes a 2021 budget of \$27.058 million for the EE and MTI Programs, a \$0.631 million or 2.4 % increase from the 2020 budget, effective January 1, 2021.¹ DEU represents the overall benefit-cost ratio for all EE programs including the MTI Program under

¹ DEU Exhibit 1.10 at 3, column T, line 12.

the Total Resource Cost test is 1.40 and under the Utility Cost test is 1.63.² The Application includes individual proposals for each of DEU's eight EE/MTI programs, which we describe further below. DEU maintains it has implemented a broad range of EE/MTI programs and has adopted best practices to ensure the implementation of cost-effective programs that benefit all GS customers. Further, DEU states that through the Application and budget, it will continue to expand its efforts to meet the gas savings goals of customers and the State of Utah.

a. ThermWise® Appliance Rebates Program

The ThermWise® Appliance Rebates Program (“Appliance Rebates Program”) offers rebates to GS customers for installing qualifying high-efficiency measures. DEU proposes to continue this program in 2020 with the following changes:

1. Add Dual-Fuel Heating Systems Rebates – this new rebate of \$800 for single family homes and \$450 for multifamily dwellings encourages people to install efficient heat pumps along with a traditional gas furnace;
2. Add Energy Recovery Ventilation Systems (EVR) – these devices are used to recover the energy contained in usually exhausted air; and
3. Change the fireplace rebate efficiency standard from annual fuel utilization efficiency (AFUE) to fireplace efficiency (FE).

DEU proposes a 2021 budget of \$4.856 million for the Appliance Rebates Program, a 21% year-over-year budget decrease. DEU estimates natural gas savings attributable to the Appliance Rebates Program will decrease by 41%.

² The cost-effectiveness tests included in DEU's Application have been calculated using a 3.88% discount rate which is consistent with its Integrated Resource Plan (IRP). Additionally, gas prices and GS rates have also been updated in DEU's energy efficiency model to reflect expected 2021 market conditions and for consistency with the gas costs projections in DEU's most recent IRP. (DEU Application at 23.)

b. ThermWise® Builder Rebates Program

The ThermWise® Builder Rebates Program (“Builder Rebates Program”) offers rebates to residential builders for installing qualifying energy efficiency measures and constructing homes that meet certain energy efficiency requirements. DEU proposes to continue the Builder Rebates Program in 2021, with the following changes:

1. Add Dual-Fuel Heating Systems rebates – this new rebate encourages builders to install efficient heat pumps along with a traditional gas furnace;
2. Add ERV Systems – these devices are used to recover the energy contained in usually exhausted air;
3. Change the fireplace rebate efficiency standard from AFUE to FE; and
4. Eliminate the builder rebate credit first proposed in the 2014 ThermWise® budget. DEU is encouraging builders to participate in the pay-for-performance program, which does not function well with the builder rebate credit.

DEU requests a 2021 budget of \$7.792 million for this program, a 34% increase from the 2020 budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will increase by 25%, year-over-year.

c. ThermWise® Business Rebates Program

The ThermWise® Business Rebates Program (“Business Rebates Program”) offers rebates to commercial GS customers that purchase and install qualifying natural gas efficiency measures. DEU proposes to continue this program with the following modifications:

1. Add Dual-Fuel Heating Systems – this new rebate encourages businesses to install efficient heat pumps along with a traditional gas furnace;
2. Add Advanced Rooftop Controls (ACRs), which is a digital system that provides remote monitoring to maintain occupant comfort and system efficiency in buildings. These rebates will be divided into three tiers and have a proposed rebate of \$500 - \$800; and
3. Add Monitoring Based Commissioning (MBCx) – also known as retro-commissioning. This program will encourage major building components and equipment to be tuned up after a period of time to increase energy efficiency. This

rebate will be limited to large facilities (greater than 150,000 square feet) and facilities where expected gas savings are more than 1,000 dekatherms per year.

DEU's requested Business Rebates Program changes result in a proposed 2021 program budget of \$3.436 million, an 11% budget increase from the 2020 program budget level. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will increase by 13%, year-over-year.

d. ThermWise® Home Energy Plan

The ThermWise® Home Energy Plan provides either on-site audits or mail-in questionnaires that assist residential customers by recommending home improvements that might result in a reduction of natural gas usage. DEU proposes to continue this program with no major changes. DEU proposes a 2021 budget of \$0.498 million, a 13% decrease from the 2020 program budget level due to lower expected operating costs in 2021.

e. ThermWise® Weatherization Program

The ThermWise® Weatherization Program ("Weatherization Program") offers residential customers rebates for the installation of qualifying weatherization measures. DEU proposes to continue this program with the following modifications:

1. Move the Direct-Install (DI) program from pilot status to an ongoing program starting in 2021. DEU's evaluation found that gas savings attained by the sample of DI program participants was 77.81% of the estimated gas savings. DEU notes the program remains cost effective at the 77.81% realization rate.³ DEU's Application included a DI program evaluation in support of this proposed modification.

³ Application, Exhibit 1.13, p. 11.

DEU's proposed 2021 Weatherization Program budget of \$7.813 million represents a 2% year-over-year budget decrease. DEU forecasts that annual participation and natural gas savings will decrease by 5% and 22%, respectively, for this program. DEU attributes the decreases to updating the deemed savings rate with the calculated achieved rate from the pilot study.

f. Low-Income Efficiency Program

DEU's Low-Income Efficiency Program consists of an annual direct contribution of \$500,000⁴ to the Utah Department of Workforce Services, Housing and Community Development Division to provide high-efficiency natural gas furnaces for low-income DEU customers. This program also funds rebates for approved non-profit or governmental organizations for specific measures under DEU's Appliance Rebates and Weatherization programs. The low-income funds are administered by the Utah Weatherization Assistance Program.

DEU proposes to maintain the annual \$500,000 budget for the direct contribution component of the program, to be funded in two equal payments of \$250,000 in January 2021 and in July 2021.

DEU proposes a total 2020 Low-Income Efficiency Program budget of \$0.812 million representing a 6% year-over-year decrease, and DEU forecasts annual natural gas savings to decrease by 22%.

⁴ The contribution is a line item in the 2021 Year Budget for EE Programs and DEU is reimbursed for this item like all other expenses.

g. Market Transformation Initiative

In addition to the EE programs described above, DEU proposes to continue its MTI program in 2021 with a budget of \$1.320 million. DEU also proposes the 2020 budget amount for individual MTI categories remain unchanged from last year's program amounts, which are as follows:

- \$900,000 for advertising/media;
- \$280,000 for marketing events;
- \$50,000 for DEU management and administration;
- \$10,000 for program design updates; and
- \$80,000 for state building code training.

In 2021 DEU proposes to continue its Net Zero Homes initiative ("NZ Initiative") and to work with Habitat for Humanity to expand the initiative to other non-profits, high school building programs, and higher-education building programs. DEU proposes a 2021 budget of \$150,000 (within the overall advertising/media budget) for the NZ Initiative, a decrease of \$50,000 from the 2020 budget. DEU further proposes to repurpose the \$50,000 removed from the NZ Initiative to collaborate with various trade schools around the state to promote the correct installation of dual-fuel heating systems. DEU continues to believe the NZ Initiative is a foundation for the development of a robust and self-sustaining Net Zero Homes market in the years to come.

h. ThermWise[®] Energy Comparison Report

The ThermWise[®] Energy Comparison Report ("Comparison Report") allows customers to compare their natural gas usage with neighboring homes that are similarly sized and situated. DEU proposes to decrease delivery of the Comparison Report to 226,000 customers in 2021,

with a budget of \$0.530 million, a 7% decrease compared to the 2020 Comparison Report budget. DEU projects natural gas savings under this program will decrease by 12% in 2021.

3. COMMENTS, RECOMMENDATIONS, AND DEU RESPONSE

Parties generally recommend approval of DEU's proposed 2021 EE/MTI Programs and budget. Specifically, DPU and UCE/SWEEP support the 2021 EE/MTI Programs budget and recommend the PSC approve the Application and associated tariff modifications as filed. The OCS recommends approval subject to requirements related to dual-fuel heat pump set points.

DPU acknowledges DEU's efforts to maintain the cost effectiveness of the proposed programs and measures contained in its 2021 proposed budget and continues to urge DEU to look for ways to reduce costs further to improve program efficiencies. DPU recommends the PSC require DEU to provide its quarterly results no later than 45 calendar days after the quarter ends. DPU explains this will help it monitor the programs and identify any concerns earlier. In reply, DEU agrees to submit quarterly reports within 45 days after the end of each quarter.

The OCS comments on the collaborative nature between DEU and Rocky Mountain Power (RMP) on many of these programs. To ensure customers can qualify for incentives offered by both DEU and RMP, the OCS recommends that the PSC require DEU to remove language from this docket referencing a specific set point value for the dual-fuel heat pump. The OCS further recommends that DEU coordinate with RMP to establish a specific set point value or temperature range in training materials for HVAC installers. In reply, DEU agrees to remove language specifying a set point value for the dual-fuel heat pumps in its draft Tariff and commits to filing updated Tariff sheets if the PSC adopts the OCS's recommendation.

UCE/SWEEP support the following:

1. Adding ERV and dual-fuel heat pump rebates to the ThermWise[®] Appliance Program will help DEU build its current conservation programs.
2. Incorporating ACR and MBCx measures into the ThermWise[®] Business Program offer businesses the opportunity to increase natural gas savings with existing equipment.
3. Continuing the ThermWise[®] Home Energy Plan provides homeowners with the information necessary to make informed decisions on implementing natural gas-saving recommendations.
4. Expanding the Direct-Install program into a permanent initiative will benefit customers.
5. Reallocating \$50,000 in the Market Transformation Initiative to train students in trade schools to correctly install dual-fuel heat pumps will also benefit customers.

UCE/SWEEP also provide several recommendations. UCE/SWEEP request that DEU provide additional details regarding the Green Certified New Buildings measure, including identification of the certification used, the program's estimated natural gas savings, and program administration. In reply DEU states that additional details on the Green Certified New Buildings measure are located in Docket No. 18-057-20,⁵ where DEU first requested to establish this program with the PSC.⁶ DEU further states that there are no plans to change the current requirements launched in 2019.

UCE/SWEEP request DEU work with RMP under a master inter-utility agreement to incorporate electricity efficiency measures through the Direct-Install program. UCE/SWEEP believe this program can be leveraged to maximize natural gas and electricity savings. DEU requests the PSC reject UCE/SWEEP's proposal. DEU states it does not believe its employees have the expertise necessary to evaluate electrical efficiency options. DEU suggests that

⁵ *Dominion Energy Utah's Application for Approval of the 2019 Year Budget for Energy Efficiency Programs and Market Transformation Initiative*; Docket No. 18-057-20.

⁶ The Tariff sheets DEU provided in Docket No. 18-057-20 present details on the rebate amount available and the certification requirements necessary to qualify.

UCE/SWEEP reach out to RMP if they would like to see a change to electrical efficiency programs.

UCE/SWEEP recommend DEU work with the ThermWise[®] Advisory Group and RMP to evaluate the integration of the Home Energy Score (HES) into the ThermWise[®] Home Energy Plan.⁷ In addition, UCE/SWEEP would like DEU to report on how stakeholder input was considered, along with its findings and recommendations. DEU recommends the PSC reject UCE/SWEEP's proposal. DEU notes that even the U.S. Department of Energy found it challenging to quantify the energy savings related to the HES program.⁸ DEU further states that 2020 House Bill 235 (H.B. 235) established a voluntary home energy information pilot program.⁹ H.B. 235 established a twelve-member advisory committee, which DEU sits on, to guide the Office of Energy Development on the implementation of this new pilot program. The new pilot program will provide Utah homeowners with the information necessary to make educated decisions on various energy efficiency options. Considering there is now a pilot program that will provide information similar to HES, DEU sees no need for UCE/SWEEP's HES proposal.

UCE/SWEEP recommend that all ThermWise[®] program materials be translated into Spanish. DEU states that it continues to reach out to Utah's Spanish-speaking communities through events, advertisements, and with Spanish-speaking employees who can answer any questions. DEU states it has already translated all of its vital marketing pieces and is considering

⁷ The Home Energy Score (HES) is an all-encompassing home energy assessment tool developed by the Department of Energy to help homeowners understand their natural gas and electricity related energy efficiency options.

⁸ Scaling Up Energy Ratings, Labels, and Scores: Latest Trends to Promote Widespread Adoption, 2016, pp. 9-10

⁹ <https://le.utah.gov/~2020/bills/static/HB0235.html>

some Spanish language television ads as part of its media campaign for 2021. DEU welcomes additional input from the Advisory Group but posits that PSC action is not warranted.

4. FINDINGS AND CONCLUSIONS

Having reviewed the Application, parties' comments and recommendations, and DEU's reply, we find DEU's December 8, 2020 reply comments, reporting commitment, and dual-fuel heating system set point compromise, adequately address and resolve the OCS's and DPU's concerns. We also find that DEU's reply to UCE/SWEEP's comments and recommendations concerning the green building certifications and to translate DEU's materials to Spanish have been addressed.

We do not adopt UCE/SWEEP's recommendation to require DEU to integrate a HES into the Home Energy Plan program. We are satisfied with DEU's explanation that H.B. 235 was passed into law establishing a similar program to the one proposed by UCE/SWEEP. We also do not adopt UCE/SWEEP's proposal requesting DEU to incorporate electrical efficiency information and measures in the Home Energy Plan program through an inter-utility agreement with RMP. We find DEU's employees lack the necessary expertise to administer an electricity efficiency program.

Regarding DEU's request to change the DI program's status from a pilot to an ongoing program, the information included in the Application demonstrates that the DI program remains cost effective even though the realized saving rate (77.81 percent of deemed savings) turned out to be lower than the initially estimated deemed savings per measure. Further, DEU's Exhibit 1.13 demonstrates the DI program is reported to remain cost effective when modeled with the actual realized gas savings, current variables, and current natural gas prices. Therefore, we find

that the DI program is reasonable, based on reported cost effectiveness, and approve DEU's request to move this program from pilot status to an ongoing program, effective January 1, 2021.

Based on our review of the Application and exhibits, accounting for the matters raised in DPU's, the OCS's, and UCE/SWEEP's comments, DEU's reply comments and commitments, and given no opposition to the Application, we conclude the Application was filed in compliance with PSC requirements, and that it and DEU's proposed corresponding tariffs, are in the public interest. Thus, we approve the Application and DEU's proposed 2021 EE/MTI Program budget of \$27.058 million as filed, including transitioning the DI program into an ongoing program.

ORDER

We approve DEU's Application and proposed Tariff changes, consistent with the foregoing findings and conclusions, effective January 1, 2021.

DATED at Salt Lake City, Utah, January 5, 2021.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#316892

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the PSC within 30 days after the issuance of this written order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on January 5, 2021, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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