

APPLICATION FOR APPROVAL OF)
THE 2022 YEAR BUDGET FOR ENERGY) Docket No.
EFFICIENCY PROGRAMS AND MARKET) 21-057-25
TRANSFORMATION INITIATIVE)

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APPLICATION
AND
EXHIBITS
October 26, 2021

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION FOR APPROVAL OF THE)	
2022 YEAR BUDGET FOR ENERGY)	Docket No. 21-057-25
EFFICIENCY PROGRAMS AND MARKET)	APPLICATION
TRANSFORMATION INITIATIVE)	

1. Questar Gas Company, doing business as Dominion Energy Utah (Dominion Energy or the Company), respectfully submits this Application for Approval of the 2022 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (Application). The Company submits this Application pursuant to the applicable orders of the Public Service Commission of Utah (Commission) identified in the introduction section below. Dominion Energy respectfully submits this Application seeking approval of the 2022 budget associated with the delivery of the Energy Efficiency (EE) programs and associated Market Transformation Initiative.

I. INTRODUCTION

2. In its Order issued January 16, 2007 in Docket No. 05-057-T01 (January 16, 2007 Order), the Commission approved the Company’s Application for Expedited Approval of Demand Side Management Programs and a Market Transformation Initiative

(Original Application) and approved a three-year pilot program for the Company's Demand Side Management (DSM) programs in conjunction with the Conservation Enabling Tariff (CET). On June 3, 2010, the Commission issued an Order in Docket No. 09-057-16, approving the CET as an on-going program (June 3, 2010 Order). The Commission has reviewed and approved applications for EE Programs, Budgets, and Market Transformation Initiatives each year thereafter. Most recently, on January 5, 2021 the Commission issued an Order in Docket No. 20-057-20 (January 5, 2021 Order), approving Dominion Energy Utah's Application for Approval of the 2021 Year Budget for Energy Efficiency Programs and Market Transformation Initiative.

II. OVERVIEW OF PROPOSED 2022 ENERGY EFFICIENCY PROGRAMS AND MARKET TRANSFORMATION INITIATIVE

3. In the Original Application (Docket No. 05-057-T01), the Company listed seven best practices for developing successful EE programs. These seven best practices are:

- A. Develop a comprehensive energy efficiency approach;
- B. Simplify and integrate program offerings;
- C. Brand EE and focus on customer service;
- D. Develop strategic relationships with market participants;
- E. Provide customized service, when applicable;
- F. Provide qualified, independent expertise; and
- G. Integrate program evaluation early.

Through the design, development, implementation and administration of EE programs, the Company has successfully achieved, and in many cases exceeded, each of the best practices outlined in the Original Application. The Company's ThermWise[®] EE campaign is a

model for natural gas utility programs nationwide. The ThermWise® rebate programs are customer friendly and cost effective.

4. In addition to the implementation and development of the ThermWise® EE campaign, the Company has made a concerted effort to maintain high levels of customer service. The Company has developed relationships with trade allies, including wholesalers; heating, ventilation and air conditioning (HVAC), weatherization contractors; dealers; and retailers. The Company has built flexibility into the implementation and marketing of its programs to allow for customized service when required.

5. Based on input from the Utah DSM Advisory Group, Utah-based trade allies, program administrators and other energy efficiency stakeholders, Dominion Energy proposes continuing the eight existing ThermWise® EE programs in 2022: 1) the ThermWise® Appliance Rebates Program; 2) the ThermWise® Builder Rebates Program; 3) the ThermWise® Business Rebates Program; 4) the ThermWise® Home Energy Plan Program; 5) the ThermWise® Weatherization Rebates Program; 6) funding for the Low-Income Efficiency Program administered by the Utah Department of Workforce Services; 7) the Market Transformation Initiative; 8) and the ThermWise® Energy Comparison Report (Comparison Report).

6. **ThermWise® Appliance Rebates.** This program offers rebates to GS customers for installing high-efficiency qualifying measures. The Company is proposing to continue this program with the addition of residential heating ventilation and air conditioning (HVAC) monitoring and diagnostic systems to the mix of rebate-eligible equipment in 2022.

7. The Company proposes a \$50 rebate for both single and multifamily customers who purchase and install a qualifying residential HVAC monitoring and diagnostic system beginning in 2022. A residential HVAC monitoring and diagnostic system is a small device that can be added to a customer's new or existing furnace to provide real time performance monitoring. System performance is monitored, through a subscription-based service offered by the installing HVAC contractor or device manufacturer, to ensure optimal system efficiency. If a fault in furnace performance is detected by the system, the homeowner will be contacted by the monitoring company in order to correct the issue.

8. Specific requirements for the proposed residential HVAC monitoring and diagnostic system are outlined in the Legislative and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9). In addition to the new measures, the Company proposes to make several minor Tariff changes for purposes of accuracy. DEU Energy Efficiency Exhibit 1.1 sets forth the complete Appliance Program description for 2022.

9. **ThermWise® Builder Rebates.** Under this program, the Company offers rebates to residential builders for installing qualifying energy efficiency measures and constructing homes that meet certain whole-home efficiency requirements. The ThermWise® Builder Program is available to all newly constructed residences receiving service on the GS rate schedule. The Company proposes to add the residential HVAC monitoring and diagnostic system as a rebate eligible measure in 2022 for the same reasons as described in the Appliance Program discussion.

10. The Company also proposes to add rigid foam exterior insulation as a rebate-eligible measure in 2022. Rigid foam exterior insulation is a relatively new product

which is intended to minimize heat loss through wood framing and improve moisture and airflow control in buildings. The Company proposes a \$200 single family and \$150 multifamily rebate per home/unit for builders who install qualifying rigid foam exterior insulation. In order to qualify, builders must install products which achieve \geq R-5 insulation value, the product must not be required by state and local building/energy efficiency codes, single and multifamily properties must have natural gas space heating, and the installation must comply with the ventilation requirements outlined in the applicable International Mechanical Code. Specific requirements for the residential HVAC monitoring and diagnostic system and rigid foam exterior insulation are outlined in the Legislative and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9).

11. In addition to the new measures, the Company proposes to make several minor Tariff changes for purposes of accuracy. Also, the Company proposes to adjust the per-saved-therm rebate amount from \$3 to \$4, but to leave the existing \$800 rebate maximum in place, for the multifamily pay-for-performance measure in 2022. DEU Energy Efficiency Exhibit 1.2 sets forth the complete Builder Program description for 2022.

12. **ThermWise® Business Rebates.** Under this program, the Company offers rebates to commercial GS customers who purchase and install qualifying natural gas efficiency measures. The Company proposes to continue this program with the addition of rebates for two categories of advanced boiler control systems. The two systems, linkageless controls and O² trim controls, have seen significant customer participation in recent years through the Business Custom rebate option. Due to the nature of the Business Custom measure, where equipment is installed and actual natural gas savings are monitored

over time, the Company now has sufficient experience and evidence to support inclusion of both systems as prescriptive rebate measures beginning in 2022.

13. Linkageless controls are a retrofit improvement intended to increase combustion efficiency on older boilers. Baseline boilers with linked controls have a single mechanical actuator that controls (“links”) both the fuel valve and the combustion air damper together. They are tuned to deliver the recommended 10% excess air (EA) at high fire conditions, but do not maintain this ideal EA ratio at other firing conditions because the linked actuators cannot respond independently. Linkageless controls retrofit the boiler by separating actuators on the combustion and damper lines, allowing dynamic adjustment of air supply to the burner which enables higher combustion efficiency at a wider range of operating conditions. To be eligible for a rebate, customers must replace existing mechanically linked combustion air and fuel valve mechanisms with a digital linkageless control. Additionally, only natural gas boilers qualify for a rebate and the linkageless control must not be required by state and local building/energy efficiency codes. The Company proposes to rebate this measure at \$0.50 per thousand British Thermal Unit (kBtu) of the boiler in which the linkageless control is installed.

14. O² trim control systems work in tandem with linkageless controls to optimize combustion efficiency in boilers. O² trim control systems consist of an O² sensor and a pressure gauge on the stack, which monitors flue gas EA. The system feeds this information to a controller, which adjusts the fuel flow and combustion dampers to optimize combustion efficiency. Trim controllers can maintain tighter EA ratios across all firing conditions. To be eligible for a rebate, O² controls must be capable of reducing excess air by < 10%. Additionally, only natural gas boilers qualify for a rebate and the O²

trim control must not be required by state and local building/energy efficiency codes. The Company proposes to rebate this measure at \$0.20 per kBtu of the boiler in which the O² trim control is installed.

15. In addition to the new measures, the Company proposes to make several minor Tariff changes for purposes of accuracy. DEU Energy Efficiency Exhibit 1.3 provides an explanation of the proposed new rebate measures and sets forth the complete program description for 2022.

16. **ThermWise[®] Home Energy Plan.** Under this program, the Company offers residential GS customers the opportunity to have an in-home, mail-in, or virtual home energy assessment performed by a trained representative. The Company proposes to continue this program with no major changes in 2022. DEU Energy Efficiency Exhibit 1.4 sets forth the complete program description for 2022.

17. **ThermWise[®] Weatherization Rebates.** Under this program, the Company offers residential GS customers rebates for installing qualifying weatherization measures. The Company proposes to continue this program with the addition of the rigid foam exterior insulation rebate, previously described in the Builder Program discussion, beginning in 2022. The Company further proposes a \$0.40 rebate per square foot (maximum rebate \$800 single family / \$400 multifamily) for customers who install qualifying rigid foam exterior insulation.

18. In addition to the new measures, the Company proposes to add air sealing to the list of Authorized Contractor required measures and to make several minor Tariff changes for purposes of accuracy. These proposed changes are outlined in the Legislative

and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9). DEU Energy Efficiency Exhibit 1.5 sets forth the complete program description for 2022.

19. **Low-Income Efficiency Program.** The Company proposes to maintain funding for the Low-Income Efficiency Program at \$500,000 per year. The Company will continue to disburse \$250,000 every six months, with the disbursements occurring in January and in July. The Company also proposes to add the rigid foam exterior insulation rebate, previously described in the Builder Program discussion, beginning in 2022. The Company further proposes a \$0.40 rebate per square foot for both qualifying single and multifamily properties that install qualifying rigid foam exterior insulation. DEU Energy Efficiency Exhibit 1.6 sets for the complete program description for 2022.

20. **Market Transformation Initiative.** In addition to the EE rebate programs outlined above, Dominion Energy is proposing to continue its comprehensive Market Transformation initiative. Market Transformation involves promoting ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation.

21. One component of the Market Transformation initiative is a market awareness campaign designed to (1) enhance the Company's involvement in energy efficiency and conservation promotion; (2) change consumer and market participation behaviors; and (3) encourage persistent demand for energy efficiency products and practices.

22. Another component of the Market Transformation initiative involves the sponsorship of building code training for stakeholders in the construction industry. The Governor's Office of Energy Development (OED) conducts building code training

programs, in collaboration with and through partial funding from Dominion Energy. The purpose of the training is to support the adoption, awareness, and enforcement of building codes associated with the IECC code. Based on the success of previous training sessions, and the ongoing need in the market for more specific training sessions, the Company is proposing to continue funding these training sessions in 2022 at a level of \$80,000. The Office of Energy Development will continue to work with an outside vendor to design and conduct these trainings in 2022.

23. The next component of the market transformation initiative is the ThermWise.com website. The Company launched an informative, interactive, easy-to-use and dedicated energy efficiency website (www.ThermWise.com) during 2007. The website provides consumers with EE program descriptions, rebate applications, information regarding the economics of energy efficiency, other information to help consumers reduce their energy consumption, on-line energy audit input capability, and links to other useful websites related to energy efficiency and conservation. With the exception of a minor update in 2012, ThermWise.com has remained largely unchanged since 2007. The Company expects to make only the necessary updates for annual programmatic changes to ThermWise.com in 2022.

24. In its Order issued December 29, 2017 in Docket No. 17-057-22 (December 29, 2017 Order), the Commission provided guidance regarding future applications for the market transformation initiative. Specifically, the Commission supported the recommendation that the applications include strategies and justification for proposed budget amounts. Additionally, the Commission indicated support for the Advisory Group and the collaborative process originally envisioned for this group as outlined in the Joint

Application filed December 16, 2005 (Docket No. 05-057-T01). The Company has sought to be responsive to this guidance throughout 2021. The Advisory Group met April 14, 2021, August 26, 2021, and September 28, 2021. At each of these meetings, the Company or its contracted marketing firm, Faktory Inc. (Faktory), discussed aspects of the current or future ThermWise campaign. Representatives from Commission staff, the Utah Division of Public Utilities (Division), and the Utah Office of Consumer Services (Office) participated in the meeting by phone and provided useful feedback along with other program stakeholders.

25. The Company's contracted survey firm, Lighthouse Research (Lighthouse), conducted 2021 customer survey and Faktory presented the results at the August 26, 2021 Advisory Group meeting. The survey was conducted by phone in April of 2021 and 710 customers were contacted. Respondents were evenly split between genders and with an age profile that was similar to the Company's overall 2021 customer base. Faktory followed the presentation of Lighthouse survey results with recommendations. The primary conclusion drawn from the survey by the marketing experts was that the majority of the Company's customers (90%) believe it's important for utilities to offer efficiency programs. Beginning in 2020, several questions were added to the survey about the Company's use of the character "Therm," as its energy efficiency spokesperson. Of those customers surveyed, 79% had a positive impression of Therm, 20% a neutral reaction, and 0% had a negative reaction. The Company plans to continue asking questions related to its spokesperson over the coming years and tracking the favorability numbers over time.

26. However, Faktory has also recognized that an overall downward trend seemed to be emerging where customer unaided awareness of the State's efficiency

programs has decreased significantly between 2016 and 2020. (48% unaided awareness of efficiency programs in 2015 and 33% in 2020). The 2021 survey shows unaided awareness of 38% indicating that the declining awareness trend may be reversing. The survey indicates that combined aided and unaided awareness of energy efficiency programs remained unchanged in 2021 in relation to 2020 at 54%, however awareness continued to decrease in the age group of 34 years old and younger and among customers with annual income levels of \$89,000 and below, renters, and residents of non-Wasatch front counties. In 2022 the Company plans to target the groups with historically lower awareness as well as continue with a testimonial approach to the advertising campaign, spotlighting various energy efficiency measures and the potential benefits to customers. This will involve highlighting participation in energy efficiency measures, specific high efficiency technologies, and the individual ThermWise® Programs.

27. Beginning in 2019, the Company proposed to collaborate with Habitat for Humanity organizations throughout Utah to promote advanced building techniques by supporting the construction of Net-Zero Homes. This collaboration was focused on building homes that meet Net-Zero energy standards. A Net-Zero Home is defined as an energy-efficient building where, on a source energy basis, the actual annual consumed energy is less than or equal to the onsite generated or subscriber renewable energy procured. In addition to renewables, the Company proposed to support advanced building shell technologies and inclusion of highly efficient natural gas and electric appliances.

28. The first project broke ground in Ogden in the Spring of 2019, was completed in July of that year, and finished in time to be included in the Northern Wasatch Parade of Homes. The building shell of the home achieved a home energy rating score

(HERS) of 41. The systems of the home included advanced technologies such as an electric heat pump, a 95% efficient natural gas combination space and water heating system, and an ERV which is intended to reuse rather than vent waste heat.

29. The Company proposed in 2020 to expand the previous collaboration to include other non-profit entities such as higher education building programs, High School building programs, local trade schools, contractors, and other qualifying parties to participate in the Net-Zero Homes initiative. An additional goal of this initiative was to train the next generation of contractors and tradesfolk in the production of Net-Zero Homes.

30. In 2020 the Company began consulting on five separate Net-Zero Home projects. In the Davis School District, the Company worked with High School building programs on two separate single-family homes. The Company also collaborated with Habitat for Humanity in Summit County on both a single-family home and a multifamily project. The final project was a single-family home located in Utah County that was planned to be built entirely by women-contractors and tradeswomen to Net-Zero standards. Ultimately, one Davis School District home was completed, achieving a HERS score of 46, in May of 2021 by students in the construction program at Layton High School. The second Davis School District home, located in Clinton, is expected to be completed in late 2021 by construction program students from Layton and Syracuse High schools. The remaining Summit and Utah County homes that the Company consulted on will likely not meet the required Net-Zero standard and will therefore not receive any funding through this initiative. The Company anticipates that the majority of the \$200,000 Net-Zero Homes budget will remain unspent in 2021.

31. The Company proposes to continue the Net-Zero Homes initiative with a budget of \$200,000 in 2022. The Company proposes to continue to work with Habitat for Humanity organizations, other non-profits, High School building programs, and higher-education building programs throughout Utah in 2022. The goals of the 2022 Net-Zero Homes initiative remain the same as those first proposed in the 2019 budget: To advance highly efficient natural gas and electric technologies, promote above-code building shell construction techniques, and train the upcoming generations of tradesfolk in advanced building practices. More specific information on the strategies to engage customers in the ThermWise[®] Programs, budgets, and studies in support of the proposed 2022 changes to the Market Transformation Initiative can be found in DEU Energy Efficiency Exhibit 1.7.

32. **ThermWise[®] Energy Comparison Report.** The ThermWise[®] Energy Comparison Report (ECR) allows customers to compare their natural gas usage with neighboring homes that are similarly sized and situated. The Comparison Report encourages customers to employ energy efficiency measures and behaviors. The Company developed the Comparison Report and first offered it to customers in November 2011. The Company initially sent the report to a small group of customers (Group A – 8,000 customers) as a pilot program. The Company has since launched larger pilot groups in 2012 (Group B – 25,000), 2013 (Group C – 100,000), 2014 (Group D – 100,000), 2016 (Group E – 55,000), 2017 (Group F – 50,000), 2018 (Group G – 50,000), 2019 (Group H – 25,000), 2020 (Group I – 25,000), and in 2021 (Group J – 50,000). In 2021 the Company sent the report, via U.S. and electronic mail, to more than 226,000 of its customers. The Company maintains an additional control group of more than 100,000 customers who do not receive the report, for comparison purposes to determine natural gas savings achieved

from delivery of the Comparison Report. With the exception of the control group, all customers are able to generate and view a copy of their Comparison Report through their online account at www.dominionenergy.com. As of the middle of October 2021, the Comparison Report had been generated over 368,000 times online by over 138,000 unique customers.

33. The Company proposes to modestly increase delivery of the Comparison Report to 228,000 in 2022. The Company reaches this total number by restarting Group E, discontinuing Group F in August 2021, while restarting Group E in November 2022, adding Group K which will be delivered to 35,000 additional customers in 2022. For Group K, some customers from discontinued groups may be considered in the selection process. Data shows that customers not only change behaviors to save natural gas as a result of the Comparison Report, but they are also more likely to participate in other ThermWise[®] Programs if they have received the report. The Company conducted an analysis in 2019 that showed, when contrasted against a control group of non-recipients, customers who had received their Comparison Report were more likely to participate in a ThermWise[®] rebates and/or request a Home Energy Plan. The Company proposes to continue to target the Comparison Report to customers with higher usage relative to conditioned square footage in 2022.

34. With proposed program participants increasing from 2021, natural gas savings per customer increases moderately by 1.6% per customer in 2022. Given the program's maturity, now in its seventh year, the Company proposes to move the savings methodology to a deemed savings of 1.28 Dth per recipient as more fully described in DEU Energy Efficiency Exhibit 1.8.

35. **Tariff Sheets.** Tariff sheets for all programs are attached in both legislative and proposed formats as DEU Energy Efficiency Exhibit 1.9. The Company proposes that these Tariff sheets become effective January 1, 2022.

III. PROPOSED 2022 BUDGET

36. The total 2022 projected budget for Dominion Energy's Energy Efficiency Programs and the Market Transformation Initiative is \$30.2 million and is shown in DEU Energy Efficiency Exhibit 1.10, column T, line 12. The proposed 2022 budget is a \$3.16 million increase from the 2021 budget (Docket No. 20-057-20). This projected increase is mainly due to greater expected participation in the ThermWise[®] Appliance, Builder, and Weatherization programs. The 2022 budget is reflective of the 2021 nine (9) month (January-September) actual participation numbers; insights from retailers, distributors and other trade allies; and the market knowledge of the Company's contractor, Nexant. To the extent actual participation levels differ from projected levels, actual costs will differ from budget. The Company proposes to continue to provide the actual participation levels and related costs and gas savings compared to projections to the Division quarterly.

37. The Company projects that customer incentives will increase, as a percentage of the total budget, by 1.9% from 2021 (77.2) to 2022 (79.1%). This increase results from the Company's continued focus on running cost-effective energy efficiency programs and the resulting efforts to minimize non-incentive costs. The most recently published American Gas Association (AGA) study of natural gas efficiency programs (Natural Gas Efficiency Programs Brief – *Investment and Savings Impacts 2019 Program*

*Year, Report Appendices*¹) showed that the average non-incentive costs for the 40 states participating in natural gas efficiency programs to be 39% of total expenditures. Additionally, of the 23 states with natural gas efficiency expenditures over ten million dollars, Utah ranked fourth in terms of lowest non-incentive costs as a percentage of overall expenditures. DEU Energy Efficiency Exhibit 1.7 provides greater detail on the results of the 2019 AGA study.

38. **ThermWise® Appliance Rebates.** The Company expects participation in this program to increase in 2022 by 15%. The Company also expects the 2022 program budget to increase by 27% (DEU Energy Efficiency Exhibit 1.10, column I, line 13) and the related gas savings to increase by 25% (DEU Energy Efficiency Exhibit 1.10, column I, line 16). These projected increases are a result of Company's expectation that Utah's economy and supply chain issue will continue to recover from the lingering impacts of COVID-19 in 2022. Of the ThermWise® Programs, the Appliance Program experienced the greatest negative impact from the global pandemic over the past two years.

39. **ThermWise® Builder Rebates.** For 2022 the Company is projecting a 19% increase in program participants over 2021. The Company also projects the 2022 program budget to increase by 22% (DEU Energy Efficiency Exhibit 1.10, column G, line 13) and the related natural gas savings to increase by 31% (DEU Energy Efficiency Exhibit 1.10, column G, line 16). These changes are largely the result of the sustained high-level of new construction occurring in the State of Utah despite the ongoing global pandemic and related supply chain issues.

¹ The American Gas Association's Natural Gas Efficiency Program Brief - *Investment and Savings Impacts 2019 Program Year* has not yet been published. Dominion Energy Utah was able to obtain a copy of the raw data, directly from AGA, that will be contained in the published Report Appendices.

40. **ThermWise® Business Rebates.** The Company projects that the 2022 program budget will decrease by 2% (DEU Energy Efficiency Exhibit 1.10, column K, line 13) in comparison to the 2021 budget and that natural gas savings will decrease by 6% (DEU Energy Efficiency Exhibit 1.10, column K, line 16). The primary reason for the lower proposed budget and expected natural gas savings relates to the changing mix of projected rebate measure participation from 2021 to 2022.

41. **ThermWise® Home Energy Plan.** The Company projects 2,240 virtual/in-home energy plans will be performed in 2022. This projection is the same as the 2021 home energy plan participation forecast. The Company also expects the overall program cost in 2021 to increase by 2% in comparison to 2021 (DEU Energy Efficiency Exhibit 1.10, column C, line 13). These increases are due to higher expected operating costs in 2022.

42. **ThermWise® Weatherization Rebates.** The Company projects that participation will increase by 7% and that natural gas savings will decrease by 4% (DEU Energy Efficiency Exhibit 1.10, column E, line 16) in comparison to the 2021 budget. The Company also expects the overall program budget in 2022 to increase by 3% in comparison to 2021 (DEU Energy Efficiency Exhibit 1.10, column E, line 13).

43. **Low-Income Efficiency Program.** The proposed 2022 budget for this program is \$.75 million or 8% lower (DEU Energy Efficiency Exhibit 1.10, column Q, lines 13) than 2021. The Company also projects that natural gas savings will decrease by 13% (DEU Energy Efficiency Exhibit 1.10, column Q, line 16) in comparison to the 2021 budget. The projected budget and natural gas savings decreases in 2022 are mainly due to

lower expected installations of rebate-qualifying high efficiency furnaces and attic insulation. Funding for furnace replacements is proposed to remain at \$500,000 in 2022.

44. **Market Transformation Initiative.** The fundamentals of the ThermWise[®] marketing campaign are expected to remain similar to past years. Therm will continue to perform his role as the “Energy Wise Guy.” The 2022 proposed budget for Market Transformation Initiative includes \$900,000 in advertising and media purchases; \$280,000 for special marketing events, trade/consumer shows, community initiatives, and special event sponsorships; and \$50,000 for ThermWise[®] management and administration. The budget also includes \$10,000 for program design, and \$80,000 for State of Utah codes training. The budget for Market Transformation in 2022 is proposed to remain the same (DEU Energy Efficiency Exhibit 1.10, column M, line 13) as 2021. A comprehensive discussion of the Market Transformation Initiative is included as DEU Exhibit 1.7.

45. **ThermWise[®] Energy Comparison Report.** The 2022 budget for the ThermWise[®] Energy Comparison Report is proposed to increase by 3% (DEU Energy Efficiency Exhibit 1.10, column O, line 13) and natural gas savings to increase by 2% (DEU Energy Efficiency Exhibit 1.10, column O, line 16). These increases are anticipated as a result of the 2,000 new recipients of the ECR proposed for 2022 as well as an expected increase in postage costs.

46. The majority of the ECR budget (92%) is directly attributable to the postage costs associated with delivering the report to customers. The remainder of the Comparison Report budget is necessary for programming and other labor associated with the ongoing maintenance of the Company developed system. It is important to note that the Company’s internally developed Energy Comparison Report has been delivered at significant cost

savings to Utah customers. Comparable programs, delivered by third-party vendors, can cost up to six times as much annually as the Company's internally-developed program. The Company believes that it has developed a program that will not only deliver energy savings but will also deliver those savings at a cost that is unmatched in the market.

47. **Total Budget.** The total 2022 budget is proposed to be \$30.2 million (DEU Energy Efficiency Exhibit 1.10, column T, line 12). This budget is an increase of \$3.16 million (DEU Energy Efficiency Exhibit 1.10, column V, line 12) or 11.7% higher than the total 2021 budget. Total savings are projected to be 1.15 million Dth/year (DEU Energy Efficiency Exhibit 1.10, column T, line 15) or 10% above projected 2021 natural gas savings estimates. The primary reasons for the expected increase in 2022 natural gas savings is the projected increase in participation in the Appliance and Builder programs. The 2022 proposed budget reflects a concerted effort to reach all GS market segments and produce significant, persistent, and cost-effective natural gas savings through a comprehensive energy efficiency campaign.

IV. COST EFFECTIVENESS

48. A summary of the cost effectiveness for each program is attached as DEU Energy Efficiency Exhibit 1.11. Page 1 of this exhibit summarizes the test results of the proposed programs along with the market transformation initiative. Although the market transformation initiative does not lend itself to the same economic analysis as the Energy Efficiency rebate programs, it has been included so that the overall impact of all programs can be measured and analyzed. A benefit-cost ratio greater than 1 is indicative of benefits exceeding costs, and therefore "passes" the test. As shown on page 1, line 9, column C of DEU Energy Efficiency Exhibit 1.11, the overall benefit-cost ratio for the Total Resource Cost (TRC) test of all programs and the market transformation activities is 1.53. And as

shown on line 9, column G, the Utility Cost test (UCT) for all programs is 1.92. Additionally, as shown on line 9, column E, the overall benefit-cost ratio for the Participant Cost test passes at 3.76, and as shown on line 9 column I, the Ratepayer Impact Measure test (RIM) for all programs equals 0.89. A detailed benefit-cost analysis of each program by measure has been included in pages 2-9 of DEU Energy Efficiency Exhibit 1.11. The cost-effectiveness tests included in this Application have been calculated using a 3.04% discount rate which is consistent with the Company's Integrated Resource Plan (IRP). Additionally, gas prices and GS rates have also been updated in the Model to reflect expected 2022 market conditions.

49. The Model, developed by the Company to measure the cost-effectiveness of the programs (Model), is based on the California Standard Practice Manual and is the same Model that was used in the 05-057-T01 docket. The Model has been reviewed by Nexant and the Utah ThermWise[®] Advisory Group and has been used by other utilities in the nation in program implementation and cost-effectiveness analysis.

50. The Company has relied on specific market reports, industry studies, and the expertise of Nexant to arrive at the savings levels, measure life and incremental customer cost for each measure of each program. DEU Energy Efficiency Exhibit 1.12 provides the source and/or references for the estimated gas savings, measure life, and incremental cost for each measure of each program.

51. Dominion Energy has successfully implemented a broad range of programs and a Market Transformation Initiative. The Company has implemented best practices to help ensure that necessary and reasonable steps have been taken to implement cost-effective programs that benefit all GS customers. This 2022 Application and Budget will

continue and expand these efforts to meet the gas savings goals of customers and the State of Utah.

V. PRAYER FOR RELIEF

52. Based on the foregoing, Dominion Energy respectfully requests that the Commission issue an order: 1) approving the application for the 2022 budget for the Energy Efficiency Programs and continuation of Dominion Energy's Market Transformation Initiative for implementation on January 1, 2022; 2) approving the program changes described herein; and 3) approving the proposed Tariff sheets effecting the improvements in the EE programs described herein.

DATED this 26th day of October, 2021.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Ginger Johnson, certify that a true and correct copy of the foregoing Application was served upon the following by electronic mail on October 26, 2021:

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