

Dominion Energy Utah’s Application for Approval of the 2022 Year Budget for Energy Efficiency Programs and Market Transformation Initiative	<u>DOCKET NO. 21-057-25</u> <u>ORDER</u>
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ISSUED: December 20, 2021

SYNOPSIS

The Public Service Commission (PSC) approves Dominion Energy Utah’s (DEU) 2022 Energy Efficiency Programs and Market Transformation Initiative budget of \$30.213 million and corresponding revisions to its Utah Natural Gas Tariff PSCU 500 (“Tariff”), effective January 1, 2022.

1. PROCEDURAL HISTORY

On October 26, 2021, DEU filed its application for approval of the 2022 budget for its Energy Efficiency (EE) and Market Transformation Initiative (MTI) Programs (“Application”). On November 24, 2021, the Division of Public Utilities (DPU) filed comments. On November 26, 2021, the Office of Consumer Services (OCS) filed comments. On December 13, 2021, DEU filed reply comments.

2. DEU APPLICATION

DEU seeks approval of its 2022 budget for its EE and MTI programs and associated Tariff revisions. DEU proposes a 2022 budget of \$30.213 million for the EE and MTI Programs, a \$3.155 million or 11.7 % increase from the 2021 budget, effective January 1, 2022.¹ DEU represents the overall benefit-cost ratio for all EE programs including the MTI Program under the Total Resource Cost test is 1.53 and under the Utility Cost test is 1.92.² The Application

¹ DEU Exhibit 1.10 at 3, columns T and V, line 12.

² The cost-effectiveness tests included in DEU’s Application have been calculated using a 3.04% discount rate, consistent with its Integrated Resource Plan (IRP). Gas prices and GS rates have also been updated in DEU’s energy

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 2022 with the following changes:

1. Add a Residential HVAC Monitoring and Diagnostic System rebate, which offers \$50 to single family and multifamily homes for enrolling in a subscription-based service offered by the installing HVAC contractor or device manufacturer designed to ensure optimal system efficiency; and
2. Make several minor Tariff changes for purposes of accuracy.

DEU proposes a 2022 budget of \$6.168 million for the Appliance Rebates Program, a 27% year-over-year budget increase. DEU estimates natural gas savings attributable to the Appliance Rebates Program will increase by 25%.

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 2022, with the following changes:

efficiency model to reflect expected 2022 market conditions and for consistency with the gas costs projections in DEU's most recent IRP. (DEU Application at 19-20.)

1. Add a Residential HVAC Monitoring and Diagnostic System rebate, which offers \$50 to single family and multifamily homes for enrolling in a subscription-based service offered by the installing HVAC contractor or device manufacturer designed to ensure optimal system efficiency;
2. Add a Rigid Foam Exterior Insulation rebate, a \$200 single family and \$150 multifamily rebate per home/unit for builders who install qualifying rigid foam exterior insulation, which minimizes heat loss through wood framing and improves moisture and airflow control in buildings;
3. Adjust the per-saved-therm rebate amount from \$3 to \$4 but leave the existing \$800 rebate maximum in place for the multifamily pay-for-performance measure in 2022; and
4. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2022 budget of \$9.503 million for this program, a 22% increase from the 2021 budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will increase by 51%, 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 Linkageless Controls for boilers, a rebate for businesses that replace existing mechanically linked combustion air and fuel valve mechanisms with digital linkageless controls, in the amount of \$0.50 per thousand British Thermal Unit (kBtu) of boiler capacity;
2. Add O² Trim Control Systems, which include an oxygen sensor and pressure gauge to monitor flue gas and a controller that adjusts fuel flows and operates combustion dampers, with the goal of optimizing combustion efficiency, in the amount of \$0.20 per kBtu of boiler capacity; and
3. Make several minor Tariff changes for purposes of accuracy.

DEU’s requested Business Rebates Program changes result in a proposed 2022 program budget of \$3.379 million, a 2% budget decrease from the 2021 program budget level. Based on

projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will decrease by 6%, 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 2022 budget of \$0.508 million, a 2% increase from the 2021 program budget level. DEU estimates annual natural gas savings will not change year-over-year.

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. Add Rigid Foam Exterior Insulation, a \$0.40 rebate per square foot (maximum rebate \$800 single family / \$400 multifamily) for customers who install qualifying rigid foam exterior insulation, a material that minimizes heat loss through wood framing and improves moisture and airflow control in buildings;
2. Add air sealing to the list of authorized contractor required measures; and
3. Make several minor Tariff changes for purposes of accuracy.

DEU’s proposed 2022 Weatherization Program budget of \$8.040 million represents a 3% year-over-year budget increase. DEU forecasts that annual natural gas savings related to this program will decrease by 4% in 2022.

f. Low-Income Efficiency Program

DEU's Low-Income Efficiency Program consists of an annual direct contribution of \$500,000³ 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 2022 and in July 2022.

DEU proposes a total 2022 Low-Income Efficiency Program budget of \$0.750 million representing an 8% year-over-year decrease, and DEU forecasts annual natural gas savings to decrease by 13%.

g. Market Transformation Initiative

In addition to the EE programs described above, DEU proposes to continue its MTI program in 2022 with a budget of \$1.320 million. DEU also proposes the 2022 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;

³ The contribution is a line item in the 2022 Year Budget for EE Programs and DEU is reimbursed for this item by ratepayers like all other program expenses.

- \$50,000 for DEU management and administration;
- \$10,000 for program design updates; and
- \$80,000 for state building code training.

DEU proposes to continue its Net Zero Homes initiative (“NZ Initiative”) in 2022 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 2022 budget of \$200,000 (within the overall advertising/media budget) for the NZ Initiative, an increase of \$50,000 from the 2021 budget. 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 increase delivery of the Comparison Report to 228,000 customers in 2022 (from 226,000 in 2021), with a budget of \$0.544 million, a 3% increase compared to the 2021 Comparison Report budget. DEU projects natural gas savings under this program will increase by 2% in 2021.

3. COMMENTS, RECOMMENDATIONS, AND DEU RESPONSE

DPU and OCS recommend approval of DEU’s proposed budget and associated tariff sheets. DPU concludes the proposed budget increases are just, reasonable, and in the public interest given the amount of remodeling and new construction that is occurring in Utah. OCS notes that the utility cost-effectiveness test for the HVAC monitoring equipment is less than one, but explains that since the overall proposed energy efficiency and market transformation

programs result in an overall cost-effectiveness metric greater than one, OCS does not oppose the inclusion of HVAC monitoring equipment rebates at this time. OCS recommends the PSC approve DEU's proposed energy efficiency and market transformation budgets.

In its reply comments, DEU expresses its appreciation for DPU's and OCS's engagement, and commits to provide further updates to DPU, OCS, and other stakeholders throughout 2022 in its DSM Advisory Group meetings.

4. FINDINGS AND CONCLUSIONS

Based on the our review of the Application, DPU's and OCS's comments and recommendations, and DEU's reply comments, and there being no opposition to the Application, we conclude the Application complies with PSC requirements, and that the Application and the proposed corresponding Tariff sheets are in the public interest. The PSC approves the Application, the corresponding Tariff revisions, and DEU's proposed 2022 EE/MTI Program budget of \$30.213 million.

ORDER

We approve the Application and the proposed Tariff sheets, consistent with our findings and conclusions above, effective January 1, 2022.

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DATED at Salt Lake City, Utah, December 20, 2021.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#321580

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 December 20, 2021, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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