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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
Michele Beck, Director
Alex Ware, Utility Analyst

Date: November 30, 2022

Subject: Docket 22-057-18

In the Matter of: Dominion Energy Utah's Application for Approval of the 2023 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

INTRODUCTION

On October 31, 2022, Dominion Energy Utah (DEU or Company) filed an application with the Public Service Commission of Utah (PSC) for approval of its 2023 budget for energy efficiency (EE) programs and market transformation (MT) initiative (application). On November 1, 2022, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit initial comments about the application on or before November 30, 2022 and reply comments on or before December 15, 2022. The Office of Consumer Services (OCS) provides the following comments pursuant to that schedule.

BACKGROUND

In its application, DEU proposes to continue the eight existing ThermWise EE programs in the 2023 program year. These programs are:

1. Appliance Rebates Program,
2. Builder Rebates Program,
3. Business Rebates Program,
4. Home Energy Plan Program,
5. Weatherization Rebates Program,
6. Funding for the Low-Income Efficiency Program (administered by the Utah Department of Workforce Services),
7. Market Transformation Initiative, and
8. Energy Comparison Report.

PROPOSED CHANGES OR ADDITIONS TO ENERGY EFFICIENCY PROGRAMS

Smart Thermostats

DEU is proposing to create a two tiered rebate for qualifying smart thermostats. In addition to existing rebates for smart thermostats with an occupancy sensor (which will now be assigned tier 2 with an incentive of \$75, DEU is proposing to create a tier 1 rebate of \$50 for smart thermostats that have a geofencing feature. Geofencing is a virtual perimeter covering a set geographic area that is triggered when the customer's cell phone leaves the boundaries of the residence – triggering the gas furnace to turn off. The Company is proposing to establish this tiered rebate structure for smart thermostats under the appliance rebates and builder rebates programs.

Dual-Fuel Heating Systems

DEU is proposing to establish a two tiered rebate structure for dual-fuel heating systems. Under tier 1, the Company will increase rebates for systems with a 95% (or greater) annual fuel utilization efficiency (AFUE) gas furnace paired with a heat pump with a heating seasonal performance factor (HSPF) of 9.0 (or greater) and seasonal energy efficiency ratio (SEER) of 14 (or greater). For tier 1, DEU proposes a \$1,000 rebate for single family residences and \$500 for multifamily residences, which would be an increase of \$200 and \$100 respectively over 2022 program levels.

In addition, DEU proposes to introduce a tier 2 rebate in 2023. This would establish a single family residence rebate of \$1,200 and a \$600 rebate for multifamily residences for dual-fuel systems that include a 97.5% (or greater) AFUE gas furnace paired with a heat pump of 18 SEER (or greater), 10 HSPF, and 11.5 energy efficiency ratio (EER). DEU states that this tier 2 is designed to align with equipment specifications contained in the Inflation Reduction Act signed into law in 2022. The company is proposing to establish these changes under the appliance rebates, builder rebates, and business rebates programs.

Lastly, under the builder rebates program, DEU is proposing to add a \$200 bonus to the single and multifamily pay-for-performance rebates for new construction projects that install a qualifying dual-fuel heating system. If approved, this would establish maximum allowable pay for performance rebates of \$1,600 and \$1,000 for single family and multifamily residences respectively.

High-Performance New Construction rebate measure

Under the Business Rebates program, DEU is proposing a new High-Performance New Construction rebate in 2023. This measure would be similar to a pay-for-performance measure as instead of paying out individual rebates on equipment, the rebate would be determined by evaluating the entire expected gas savings in the building (such as space heating, water heating, and the building envelope). The Company states that construction drawings would be required to be submitted to DEU by the customer for evaluation. DEU proposes a rebate of \$2.50 per Dekatherm saved under this new measure.

PROPOSED BUDGET & COST EFFECTIVENESS FOR 2023

DEU is proposing a 2023 total program budget of \$28.1 million. This is a \$2.1 million decrease from the 2022 budget that the Company states is mainly due to lower than expected participation in the appliance, builder, and business programs last year as a result of slowing United States and Utah economies – including rising inflation and interest rates. DEU states they expect the provisions of the Inflation Reduction Act may help to restore participation levels. DEU will continue to provide actual participation levels and associated costs and energy savings as compared to projections to stakeholders quarterly.

DEU presents a forecast of overall cost effectiveness for the 2023 program year of 1.91 under the utility cost test. All individual program utility cost tests are projected to be over at least 1.46.

RECOMMENDATION

The OCS has reviewed DEU's application and exhibits in this docket and believes that the budget and programmatic changes proposed are reasonable given current economic conditions. The OCS will continue to evaluate the program offerings and cost effectiveness outcomes. The OCS recommends that the PSC approve DEU's application as filed.

cc:

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Michael Orton, Dominion Energy Utah

Jenniffer Clark, Dominion Energy Utah

Chris Parker, Division of Public Utilities

Service List