

Dominion Energy Utah’s Application for Approval of the 2023 Year Budget for Energy Efficiency Programs and Market Transformation Initiative	<u>DOCKET NO. 22-057-18</u>  <u>ORDER</u>
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ISSUED: January 10, 2023

### **SYNOPSIS**

The Public Service Commission (PSC) approves Dominion Energy Utah’s (DEU) 2023 Energy Efficiency Programs and Market Transformation Initiative budget of \$28.125 million and corresponding revisions to its Utah Natural Gas Tariff PSCU 500 (“Tariff”), effective January 1, 2023.

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#### **1. PROCEDURAL HISTORY**

On October 31, 2022, DEU filed its application for approval of the 2023 budget for its Energy Efficiency (EE) and Market Transformation Initiative (MTI) Programs (“EE Programs”), referred to herein as the “Application.” On November 30, 2022, the Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) filed comments (“Comments”).

#### **2. DEU APPLICATION**

DEU seeks approval of its 2023 budget for its EE Programs and associated Tariff revisions. DEU proposes a 2023 total budget of \$28.125 million for the EE Programs, which is a \$2.088 million or 6.9 percent decrease from the 2022 budget,<sup>1</sup> and seeks an effective date of January 1, 2023. DEU represents the overall benefit-cost ratio for all EE Programs under the Total Resource Cost test (TRC) is 1.55 and under the Utility Cost Test (UCT) is 1.91.<sup>2</sup>

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<sup>1</sup> Application, Ex. 1.10 at 3, columns T and V, line 12.

<sup>2</sup> The cost-effectiveness tests included in DEU’s Application have been calculated using a 3.05% discount rate, consistent with its Integrated Resource Plan (IRP). Gas prices and GS rates have also been updated in DEU’s energy efficiency model to reflect expected 2023 market conditions and for consistency with the gas costs projections in DEU’s most recent IRP. *See* Application at 19.

DEU maintains it has implemented a broad range of EE Programs and has adopted best practices to ensure the implementation of cost-effective programs that benefit all GS customers. DEU states that through the Application and proposed budget, it will continue to expand its efforts to meet the gas savings goals of customers and the State of Utah. The Application includes individual proposals for each of DEU's eight EE Programs, as described below.

**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 2023 with the following changes:

1. Create a tiered rebate structure with tier 1 smart thermostats, which are equipped with qualifying geofencing technology, eligible for a \$50 rebate, and tier 2 smart thermostats, which are equipped with qualifying occupancy sensor technology, eligible for a \$75 rebate;
2. Create a tiered rebate structure with tier 1 dual-fuel heating systems eligible for a rebate amount of \$1,000 for single family residences and \$500 for multifamily residences, and tier 2 dual-fuel heating systems eligible for a rebate amount of \$1,200 for single family residences and \$600 for multifamily residences; and
3. Make several minor Tariff changes for purposes of accuracy.<sup>3</sup>

DEU requests a 2023 budget of \$5.860 million for this program, a 5 percent year-over-year budget decrease. DEU estimates natural gas savings attributable to the Appliance Rebates Program will decrease by 18 percent when compared to the projected program savings amounts in 2022.

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<sup>3</sup> The specific requirements for the different rebate tiers – tiers 1 and 2 – can be found in DEU's Tariff as filed with the Application.

**b. ThermWise® Builder Rebates Program**

The ThermWise® 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 this program in 2023, with the following changes:

1. Add the tiered rebates for smart thermostats and dual-fuel heating systems in 2023 for the same reasons as described in the Appliance Rebates Program discussion;<sup>4</sup>
2. Add a \$200 bonus to the single and multifamily Pay-for-Performance rebate measures for new construction projects which install a qualifying dual-fuel heating system while also meeting the existing minimum efficiency standards outlined in DEU's Tariff; and
3. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2023 budget of \$8.250 million for this program, a 13 percent decrease from the 2022 program budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will decrease by 19 percent when compared to the projected program savings amounts in 2022.

**c. ThermWise® Business Rebates Program**

The ThermWise® 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 a High-Performance New Construction rebate of \$2.50 per Dekatherm, which is similar to the existing Pay-for-Performance rebate measure in the ThermWise® Builder Program, but the rebate level a customer qualifies for would be determined by evaluating the entire expected natural gas savings in the building to include an analysis of the space heating, domestic hot water, and the building envelope;

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<sup>4</sup> See Application at 3-6, ¶¶ 6-11 for DEU's Appliance Rebates Program discussion.

2. Add the tiered rebates for smart thermostats and dual-fuel heating systems in 2023 for the same reasons as described in the Appliance Rebates Program discussion; and
3. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2023 budget of \$3.203 million for this program, a 5 percent budget decrease from the 2022 program budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will decrease by 8 percent when compared to the projected program savings amounts in 2022.

**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 reduce natural gas usage. DEU proposes to continue this program with no major changes. DEU requests a 2023 budget of \$0.520 million, a 2 percent increase from the 2022 program budget. 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 no major changes. DEU requests a 2023 budget of \$7.692 million, a 4 percent decrease from the 2022 program budget. DEU forecasts annual natural gas savings related to this program will decrease by 4 percent in when compared to the projected program savings amounts in 2022.

**f. Low-Income Efficiency Program**

DEU's Low-Income Efficiency Program consists of an annual direct contribution of \$500,000<sup>5</sup> 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.<sup>6</sup>

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 and July 2023. DEU also proposes to add the tiered rebates for smart thermostats and dual-fuel heating systems in 2023 for this program.<sup>7</sup> DEU requests a 2023 budget of \$0.731 million, a 2 percent decrease from the 2022 program budget. DEU forecasts annual natural gas savings to decrease by 5 percent when compared to the projected program savings amounts in 2022.

**g. Market Transformation Initiative (MTI)**

DEU proposes to continue its MTI program in 2023 with a budget of \$1.320 million. The Application outlines the components of the MTI,<sup>8</sup> and DEU's proposed 2023 budget amount for individual MTI categories remain unchanged from 2022 program amounts.

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<sup>5</sup> The contribution is a line item in the 2023 Year Budget for EE Programs and DEU is reimbursed for this item by ratepayers like all other program expenses.

<sup>6</sup> The low-income funds are administered by the Utah Weatherization Assistance Program.

<sup>7</sup> See footnote 5, *supra*.

<sup>8</sup> According to DEU, a comprehensive discussion of the MTI is in DEU Ex. 1.7 to the Application.

**h. ThermWise<sup>®</sup> Energy Comparison Report**

The ThermWise<sup>®</sup> Energy 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 280,000 customers in 2023 (from 228,000 in 2022), with a budget of \$0.550 million, a 1 percent increase over the 2022 program budget. DEU projects natural gas savings under this program will increase by 23 percent when compared to the projected program savings amounts in 2022.

**3. COMMENTS AND RECOMMENDATIONS**

DPU and OCS recommend approval of DEU's proposed budget and associated Tariff sheets. DPU "continues to find value in the overall . . . objectives" of DEU's EE Programs,<sup>9</sup> and notes its desire that DEU continue looking for ways to reduce administrative costs associated with these programs.<sup>10</sup> DPU concludes that all of the programs have met their TRC and UCT ratios, thus demonstrating savings and benefits, and finds the proposed budget increases are just, reasonable, and in the public interest.<sup>11</sup> OCS states that the proposed budget and programmatic changes are reasonable given current economic conditions and recommends the PSC approve DEU's Application as filed.<sup>12</sup>

**4. FINDINGS AND CONCLUSIONS**

Based on our review of the Application, DPU's and OCS's comments and recommendations, and there being no opposition to the Application, we conclude (1) the

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<sup>9</sup> DPU Comments at 11.

<sup>10</sup> *See id.*

<sup>11</sup> *See id.*

<sup>12</sup> *See* OCS Comments at 3.

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Application complies with PSC requirements, and (2) the proposals and requests in the Application and the corresponding Tariff revisions are in the public interest. The PSC therefore approves the Application, the corresponding Tariff revisions, and DEU's proposed 2023 EE Programs budget of \$28.125 million.

**ORDER**

We approve the Application and the corresponding Tariff sheets, with an effective date of January 1, 2023.

DATED at Salt Lake City, Utah, January 10, 2023.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#326596

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 10, 2023, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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