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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: December 1, 2023

Subject: Docket 23-057-17

In the Matter of: Dominion Energy Utah's Application for Approval of the 2024 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

INTRODUCTION

On October 31, 2023, Dominion Energy Utah (DEU or Company) filed an application with the Public Service Commission of Utah (PSC) for approval of its 2024 budget for energy efficiency (EE) programs and market transformation (MT) initiative (application). On November 2, 2023, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit initial comments about the application on or before December 1, 2023 and reply comments on or before December 18, 2023. 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 2024 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

Eliminate HVAC Monitoring and Diagnostic Systems Rebate

The HVAC monitoring and diagnostic systems incentive was implemented in the 2022 EE program year for the appliance, builder, and low-income programs. DEU states that after receiving industry feedback in 2023 that smart thermostats can now perform the functions of a dedicated monitoring and diagnostic system so a standalone rebate is no longer necessary.

Move Dual-Fuel Heat System Specifications from Tariff to DEU Website

In order to be more responsive to dual-fuel specification changes included in the inflation reduction act (IRA), to maintain alignment with Rocky Mountain Power's (RMP) dual-fuel heat system specifications, and to more quickly adapt to market trends, DEU is proposing to move dual-fuel qualifying specifications from the Company's tariff sheets to the Company's website at thermwise.com/equipment-specs/dual-fuel. DEU states that this will allow the quick update of qualifying equipment specifications mid-year without the need of specific Commission approval.

Changes to the Business Rebate Program

DEU is proposing to add a new rebate for variable refrigerant flow (VRF) systems that include a natural gas dedicated outdoor air system (DOAS). The Company states the DOAS technology preheats outside air to a pre-determined set-point and can achieve efficiency levels up to 400% due to the reduced need for ductwork. Also, DEU estimates natural gas use can be reduced by 30% with this technology. The Company proposes in 2024 to rebate dual-fuel VRF with DOAS systems at \$150 per ton of heat they can add to a space.

Also, following industry feedback, DEU proposes to change the boiler tune-up measure eligibility requirement from every other year to annual participation.

Market Transformation Initiative (MT)

While DEU is not proposing major changes to the MT initiative for 2024, the Company reported on the survey and focus group results gathered by its consultant Faktory this past year. DEU states it will continue to utilize the results to better target advertising and ensure its Thermwise website is "optimized to address customer needs." The OCS agrees that it is vital for DEU to maintain for customers an up-to-date and cohesive website of all the Company's energy efficiency offerings. The OCS notes that while we observed Thermwise.com inconsistencies in the past, the Company has made progress improving its website.¹

PROPOSED BUDGET & COST EFFECTIVENESS FOR 2024

DEU is proposing a 2024 total program budget of \$25.6 million. This is a \$2.5 million decrease from the 2023 budget that the Company states is mainly due to lower than expected participation in the appliance, business, and weatherization programs last year

¹ The OCS notes that in Docket No. 23-057-16 (proposed sale of Questar Gas to Enbridge Quail Holdings), Joint Exhibit 5.0 attached to the application contains operational commitment #22 that Questar Gas will maintain local control of thermwise.com to ensure timely update of program information for customers.

as a continued result of slowing economies – including subsiding inflation pressures and high 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 2024 program year of 1.76 under the utility cost test. All individual program utility cost tests are projected to be over at least 1.37.

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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