
Dominion Energy Utah's Application for Approval of the 2024 Year Budget for Energy Efficiency Programs and Market Transformation Initiative	<u>DOCKET NO. 23-057-17</u> <u>ORDER</u>
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ISSUED: January 22, 2024

SYNOPSIS

The Public Service Commission (PSC) approves Dominion Energy Utah's (DEU) 2024 Energy Efficiency Programs and Market Transformation Initiative budget of \$25.661 million and corresponding revisions to its Utah Natural Gas Tariff PSCU 600 ("Tariff"), effective January 1, 2024.

1. PROCEDURAL HISTORY

On October 31, 2023, DEU filed its application for approval of the 2024 budget for its Energy Efficiency (EE) and Market Transformation Initiative (MTI) Programs ("EE Programs"), with accompanying exhibits (the "Application"). On November 2, 2023, the PSC issued a Notice of Filing and Comment Period. The Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) filed comments ("Comments") on December 1, 2023. No reply comments were filed.

2. DEU APPLICATION

DEU seeks approval of its 2024 budget for its EE Programs and associated Tariff revisions. DEU proposes a 2024 total budget of \$25.661 million for these programs, which is a \$2.464 million or 8.8 percent decrease from the 2023 budget,¹ and seeks an effective date of January 1, 2024. DEU asserts that slowing economic

¹ See Application, Ex. 1.10 at 3, columns T and V, lines 12 and 13.

activity is the main driver behind the decreased budget and projected participation levels for 2024.² DEU represents the overall benefit-cost ratio for all EE Programs under the Total Resource Cost test (TRC) is 1.48 and under the Utility Cost Test (UCT) is 1.76.³

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 2024 with the following changes:

1. Eliminate the HVAC monitoring and diagnostic systems rebate first introduced in 2022. DEU states it received industry feedback that most smart thermostats can now perform the functions of a dedicated HVAC monitoring and diagnostic system so the rebate is no longer necessary;⁴
2. Move the system specifications for dual-fuel heating systems from its Tariff to ThermWise.com.⁵ According to DEU, this would allow it to

² See Application at 13-14, ¶¶ 31 & 33.

³ The cost-effectiveness tests included in DEU's Application have been calculated using a 4.58% 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 2024 market conditions and for consistency with the gas costs projections in DEU's most recent IRP. See *id.* at 17-18, ¶¶ 43-46.

⁴ See *id.* at 3, ¶ 7.

⁵ This specific request is addressed more fully in Section i of this Order.

quickly respond to changing specifications within the industry and maintain alignment with Rocky Mountain Power's dual-fuel heating systems rebate;⁶ and

3. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2024 budget of \$4.932 million for this program, a 15.8 percent year-over-year budget decrease. DEU estimates natural gas savings attributable to this program will decrease by 19.6 percent when compared to the projected program savings amounts in 2023.

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 2024, with the following changes:

1. Eliminate the HVAC monitoring and diagnostic systems rebate;
2. Move the system specifications for dual-fuel heating systems from its Tariff to ThermWise.com;⁷ and
3. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2024 budget of \$8.153 million for this program, a 1.2 percent decrease from the 2023 program budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will decrease by 4.0 percent when compared to the projected program savings amounts in 2023.

⁶ See *id.* at 4, ¶ 8.

⁷ See n. 5, *supra*.

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 rebate for variable refrigerant flow systems that include a natural gas dedicated outdoor air system, which allow for system efficiency levels between 300 and 400 percent. DEU estimates that natural gas usage can decrease by 30 percent with these systems compared to typical natural gas HVAC systems;⁸
2. Change the eligibility of businesses to participate in the current boiler tune-up measures from every other year to every year after receiving HVAC industry feedback that boilers need more frequent tune-ups;⁹
3. Move the system specifications for dual-fuel heating systems from its Tariff to ThermWise.com;¹⁰ and
4. Make several minor Tariff changes for purposes of accuracy.

DEU requests a 2024 budget of \$2.690 million for this program, a 16.0 percent budget decrease from the 2023 program budget. Based on projected participation and deemed savings estimates of this program, DEU estimates annual natural gas savings will decrease by 33.6 percent when compared to the projected program savings amounts in 2023.

⁸ See *Id.* at 5-6, ¶ 12.

⁹ See *Id.* at 6, ¶ 13.

¹⁰ See n. 5, *supra*.

d. ThermWise® Home Energy Plan

The ThermWise® Home Energy Plan provides residential GS customers with an on-site, virtual, or mail-in home energy assessment by a trained representative. DEU proposes to continue this program with no major changes. DEU requests a 2024 budget of \$0.547 million, a 5.1 percent increase from the 2023 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 2024 budget of \$6.739 million, a 12.4 percent decrease from the 2023 program budget. DEU forecasts annual natural gas savings related to this program will decrease by 13.8 percent when compared to the projected program savings amounts in 2023.

f. Low-Income Efficiency Program

DEU’s Low-Income Efficiency Program consists of an annual direct contribution of \$500,000 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.¹¹

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 2024. DEU proposes to continue this program with the following modifications:

1. Eliminate the HVAC monitoring and diagnostic systems rebate; and
2. Move the system specifications for dual-fuel heating systems from its Tariff to ThermWise.com.¹²

DEU requests a 2024 budget of \$0.760 million, a 3.9 percent increase from the 2023 program budget. DEU forecasts annual natural gas savings to increase by 1.1 percent when compared to the projected program savings amounts in 2023.

g. Market Transformation Initiative (MTI)

DEU proposes to continue its MTI program in 2024 with a budget of \$1.320 million. The Application outlines the components of the MTI,¹³ and DEU's proposed 2024 budget amount for individual MTI categories remains unchanged from 2023 program amounts.

¹¹ The low-income funds are administered by the Utah Department of Workforce Services, Housing and Community Development Division under the [Utah Weatherization Assistance Program](#).

¹² See n. 5, *supra*.

¹³ According to DEU, a comprehensive discussion of the MTI can be found in DEU Ex. 1.7 of the Application.

h. ThermWise® Energy Comparison Report

The ThermWise® Energy Comparison Report allows customers to compare their natural gas usage with neighboring homes that are similarly sized and situated. DEU proposes to decrease delivery of the comparison report to 220,000 customers in 2024 (down from 280,000 in 2023), with a budget of \$0.471 million, a 5.3 percent decrease over the 2023 program budget. DEU projects natural gas savings under this program will decrease by 21.4 percent when compared to the projected program savings amounts in 2023.

i. Request to Move Information to ThermWise.com

DEU requests to move the dual-fuel rebate specifications for qualifying rebates under the ThermWise® Appliance Rebates Program, ThermWise® Builder Rebates Program, ThermWise® Business Rebates Program, and Low-Income Efficiency Program from its Tariff to its program documents and its ThermWise.com website (the “Dual-Fuel Request”). DEU explains that it does not intend to change the specifications currently found in its Tariff. DEU states, however, that it anticipates the need to respond to system specification changes in the future due to the “dynamic and rapidly advancing nature of this type of equipment, to be responsive to rebate-qualifying dual-fuel specification changes associated with the inflation reduction act (IRA), and

to maintain alignment with Rocky Mountain Power's [(RMP)] dual-fuel heating rebate specifications."¹⁴

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,¹⁵ and commends DEU, along with the DSM Advisory Group, on their dedication to develop and promote energy-efficiency programs.¹⁶ 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.¹⁷ 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.¹⁸

4. FINDINGS AND CONCLUSIONS

We find that DEU has appropriately justified and supported what is proposed in the Application, including the Dual-Fuel Request. That request is similar to DEU's previously approved request in Docket No. 14-057-25 to list rebate qualifying smart thermostats on ThermWise.com. We have also approved a similar request for RMP. Moreover, while we understand DEU's reasoning for its Dual-Fuel Request - so that it

¹⁴ DEU Application at 4, ¶ 8.

¹⁵ DPU Comments at 12.

¹⁶ *See id.*

¹⁷ *See id.*

¹⁸ *See* OCS Comments at 3.

may respond to system specification changes due to the rapidly advancing nature of the equipment involved - we find that the programs under review have been designed to encourage energy-saving measures. Thus, if rebate requirements change too quickly between the date a customer buys its qualifying measure and when the customer applies for the corresponding rebate, DEU's Dual-Fuel Request could have the unintended consequence of deterring customers from purchasing energy-saving equipment. However, we find that both goals can be accomplished with certain conditions.

We therefore approve DEU's Dual-Fuel Request subject to customers having sufficient notice to qualify for the affected rebates. We direct DEU to adopt the same timing requirements reflected in RMP's rules for the same equipment posted on RMP's website for DEU's dual-fuel equipment qualifying for rebates under the four programs we reference above. This will give DEU customers sufficient time to install and qualify for corresponding rebates. We also direct DEU to ensure that any changes to qualifying products or rebate specifications that are posted on its ThermWise.com website maintain TRC and UCT ratio scores similar to the values contained in DEU's filing in this docket for the associated energy efficiency program.

Accordingly, 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 Application complies with PSC requirements, and (2) the proposals and requests in the Application and the corresponding Tariff revisions as addressed

and as directed herein are just, reasonable, and in the public interest. The PSC therefore approves the Application, the corresponding Tariff revisions, and DEU's proposed 2024 EE Programs budget of \$25.661 million.

ORDER

We approve the Application and the corresponding Tariff sheets, subject to our above direction relating to the Dual-Fuel Issue, effective January 1, 2024.

DATED at Salt Lake City, Utah, January 22, 2024.

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#331917

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 22, 2024, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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