

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Enbridge Gas Utah's Application for Approval of the 2026 Year Budget for Energy Efficiency Programs and Market Transformation Initiative	<u>DOCKET NO. 25-057-22</u> <u>ORDER</u>
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ISSUED: January 16, 2026

SYNOPSIS

The Public Service Commission (PSC) approves Enbridge Gas Utah's (EGU) 2026 Energy Efficiency Programs and Market Transformation Initiative budget of \$35.736 million and corresponding revisions to its Utah Natural Gas Tariff PSCU 700 ("Tariff"), effective January 1, 2026.

1. PROCEDURAL HISTORY

On October 31, 2025, EGU filed its application for approval of the 2026 budget for its Energy Efficiency Programs and Market Transformation Initiative, with accompanying exhibits (the "Application"). On November 5, 2025, the PSC issued a Notice of Filing and Comment Period. The Division of Public Utilities (DPU) ("DPU Action Request Response") and the Office of Consumer Services (OCS) ("OCS Comments") filed comments on December 4, 2025. DPU filed reply comments ("DPU Reply Comments") on December 17, 2025, and EGU filed reply comments ("EGU Reply Comments") on December 19, 2025. No other comments were filed.

2. EGU APPLICATION

EGU seeks approval of its 2026 budget for its energy efficiency and market transformation initiative programs ("EE Programs") and associated Tariff revisions.

EGU proposes a 2026 total budget of \$36.1 million for the EE Programs, representing a 17 percent increase, i.e., \$5.21 million over the 2025 budget,¹ and seeks an effective date of January 1, 2026. According to EGU, the “increase is mainly due to higher expected participation rate in the ThermWise® Appliance, Builder, and Weatherization programs in 2026.”²

EGU maintains it has implemented a broad range of EE Programs and has adopted best practices to ensure implementation of cost-effective programs that benefit all GS customers. EGU represents the EE Programs are cost-effective, noting that a benefit/cost ratio greater than 1 indicates that benefits exceed costs. Specifically, the overall benefit/cost ratios are 1.21 under the Total Resource Cost test (TRC) and 1.47 under the Utility Cost Test (UCT).³ EGU 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 EGU’s eight EE Programs, as described below.

¹ See Application at ¶¶ 39 & 50, Ex. 1.11 at columns T and V, line 13.

² Application at ¶ 39.

³ The cost-effectiveness tests included in EGU’s Application have been calculated using a 5.40 percent discount rate, consistent with its Integrated Resource Plan (IRP). Gas prices and GS rates have also been updated in EGU’s energy efficiency model to reflect expected 2026 market conditions and for consistency with the gas costs projections in EGU’s most recent IRP. See Application at ¶ 51.

a. ThermWise® Appliance Rebates Program

The ThermWise® Appliance Rebates Program offers rebates to GS customers for installing qualifying high-efficiency measures. EGU proposes to continue this program in 2026 with the following changes:

1. “[Include] a hydronic heating coil as a qualifying natural gas backup for dual fuel heating systems[.]”⁴ and
2. Make several minor Tariff changes for purposes of accuracy.

EGU requests a 2026 budget of \$8.12 million for this program, a 17 percent year-over-year budget increase. EGU estimates natural gas savings attributable to this program will increase by 15 percent when compared to the projected program savings amounts in 2025.⁵

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. EGU proposes to continue this program in 2026, with the following changes:

1. Include a hydronic heating coil as a qualifying natural gas backup for dual fuel heating systems; and
2. Make several minor Tariff changes for purposes of accuracy.

⁴ *Id.* at ¶ 6.

⁵ The PSC assumes the budget information in Exhibit 1.11 to the Application pertains to 2026/2025 Dth Savings Increase (Decrease), not 2025/2024 Dth Savings Increase (Decrease) as is written in the Exhibit, for all of EGU's programs.

EGU requests a 2026 budget of \$12.16 million for this program, a 24 percent increase from the 2025 program budget. Based on projected participation and deemed savings estimates of this program, EGU estimates annual natural gas savings will increase by 31 percent when compared to the projected program savings amounts in 2025.

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. EGU proposes to continue this program with the following modifications:

1. Include a hydronic heating coil as a qualifying natural gas backup for dual fuel heating systems; and
2. Make several minor Tariff changes for purposes of accuracy.

EGU requests a 2026 budget of \$3.14 million for this program, a 12 percent budget increase from the 2025 program budget. Based on projected participation and deemed savings estimates of this program, EGU estimates annual natural gas savings will increase by 25 percent when compared to the projected program savings amounts in 2025.

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. EGU proposes to continue this program with no major changes. EGU requests a 2026

budget of \$0.501 million, a 3 percent increase from the 2025 program budget. EGU estimates annual natural gas savings will not change year-over-year.

e. ThermWise® Weatherization Program

The ThermWise® Weatherization Program offers residential customers rebates for the installation of qualifying weatherization measures. EGU proposes to continue this program with no major changes. EGU requests a 2026 budget of \$9.41 million, a 14 percent increase from the 2025 program budget. EGU forecasts annual natural gas savings related to this program will increase by 13 percent when compared to the projected program savings amounts in 2025.

f. Low-Income Efficiency Program

EGU'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 EGU customers.

EGU 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 2026. EGU proposes to continue this program with a total budget of \$0.768 million, a 4 percent increase from the 2025 program budget. EGU forecasts annual natural gas savings to decrease by 2 percent when compared to the projected program savings amounts in 2025.

g. Market Transformation Initiative (“MTI”)

EGU proposes to continue this program in 2026 with a budget of \$1.38 million, a \$60 thousand (or approximately 5 percent) increase from the 2025 program budget.

h. ThermWise® Energy Comparison Report

The ThermWise® Energy Comparison Report (“ECR”) allows customers to compare their natural gas usage with neighboring homes that are similarly sized and situated. EGU proposes to increase delivery of the comparison report to 278,000 customers in 2026 (up from 228,000 in 2025), with a budget of \$0.607 million, a 16 percent increase over the 2025 program budget. EGU projects natural gas savings under this program will increase by 22 percent when compared to the projected program savings amounts in 2025.

3. COMMENTS, REPLY COMMENTS, AND RECOMMENDATIONS

DPU's Action Request Response states it “continues to find value in the overall program objectives”⁶ and recommends approving EGU's proposed budget and associated Tariff sheets. “OCS recommends that the PSC acknowledge that EGU's 2026 EE and MTI budget forecast meets reporting requirements.”⁷ However, OCS's Comments and DPU's Reply Comments raise three issues concerning the Application: (1) the proposed inclusion of rebates for the installation of a hydronic coil, (2) the

⁶ DPU Action Request Response at 21.

⁷ OCS Comments at 7.

effectiveness of the MTI program, and (3) the decline in the cost-benefit ratios used to determine the effectiveness of the EE programs, each of which are discussed below.

a. Hydronic Coil Rebate

DPU expresses skepticism regarding the inclusion of the hydronic coil rebates as an option in the ThermWise® Appliance, Builder, and Business rebate programs. DPU questions “whether this option provides a real incentive for everyday consumers or for wealthy consumers who do not need an incentive to purchase this type of system.”⁸ OCS recommends the PSC reject the addition of the hydronic heating coil as a qualifying purchase for a rebate in these same three ThermWise® rebate programs until the ThermWise® Advisory Committee (“Advisory Committee”) discusses the applicable cost and incentive amount. DPU agrees with OCS’s recommendation on this point.

EGU’s Reply Comments detail how and why it selects certain rebate amounts. However, EGU acknowledges DPU’s and OCS’s concerns on this specific point and “proposes to remove the hydronic heating coil as an eligible piece of equipment as part of the dual-fuel heating system in 2026 [and] agrees to discuss these systems in greater detail with the Advisory Group in 2026.”⁹

⁸ DPU Action Request Response at 7.

⁹ EGU Reply Comments at 10.

b. MTI Program

DPU recommends that the PSC “[direct the EGU] ThermWise® Advisory Group to investigate rebates that would incentivize consumers and determine whether the MTI should be eliminated.”¹⁰

The OCS recommends the PSC approve “EGU’s plan for [third-party] EE program impact evaluations if [EGU] funds them within its existing MTI budget and includes an in-depth explanation of the sources and impact of energy savings assumptions that feed into cost/benefit outcomes.”¹¹ Specifically, OCS recommends that EGU “reorganize or make cuts to MTI to fund the [third-party] evaluations.”¹² OCS proposes that this funding could come from EGU’s proposed 2026 MTI advertising budget, reasoning that “EGU’s [proposed] advertising budget is about 3% (\$900,000) of total program costs while [Rocky Mountain Power’s] advertising budget for its DSM program is about 1.8% (\$1.6 million) of total program costs – which are three times greater than EGU’s total EE budget. Overall, we believe it is reasonable to require EGU to fund new program evaluations within current collections from ratepayers.”¹³

¹⁰ DPU Action Request Response at 21.

¹¹ OCS Comments at 7.

¹² *Id.* at 6.

¹³ *Id.*

In its reply comments, DPU neither agrees nor disagrees with OCS's specific proposal regarding the funding source of the third-party evaluations.¹⁴

EGU responds to DPU's and OCS's positions. First, EGU explains the "MTI is directed at market awareness of the ThermWise® programs overall, not at increasing participation in any one rebate measure. This awareness strategy is intended to spark customer memory of ThermWise® and influence purchasing decisions in favor of the most efficient option at critical decision points (such as when a furnace fails or when a water heater begins to leak)."¹⁵ Second, while EGU does not directly oppose OCS's specific proposal regarding the funding source of the EE program third-party evaluations, it notes that the proposed increase in the 2026 MTI "is directly attributable to [these] program evaluations."¹⁶ EGU represents if its 2026 MTI budget is approved as proposed, it "commits that 2026 MTI spending will not exceed [the proposed budget amount] and that [EGU] will look for ways to reduce spending and work with third-party contractors to bring actual MTI costs in below the budgeted amount."¹⁷

¹⁴ Instead, DPU recommends "that the ThermWise[®] Advisory Committee evaluate whether the current MTI budget should cover a third-party program evaluator, or whether [EGU] should receive a budget increase to cover the evaluation cost." DPU Reply Comments at 3.

¹⁵ EGU Reply Comments at 7.

¹⁶ *Id.* at 9.

¹⁷ *Id.* at 10.

c. Cost/Benefit Analysis

DPU states it “continues to find value in the overall [EE] program objectives”¹⁸ and concludes that all the programs have met their TRC and UCT ratios, thus demonstrating savings and benefits. OCS recommends the PSC require EGU to provide an explanation of “significant swings”¹⁹ in the cost/benefit outcomes for the ECR. DPU concurs with this recommendation, stating EGU should provide an “explanation of the energy-savings assumptions that underpin the cost/benefit metrics.”²⁰ Further, DPU states EGU should “provide a measure-level cost/benefit analysis to determine which program measures are most effective.”²¹

In response to OCS’s and DPU’s request for an explanation of “significant swings” in the cost/benefit outcomes for the ECR, EGU states “the simple answer is that changes in one-year projected natural gas costs can have [a] substantial impact on cost-effectiveness results. This is because, unlike every other high efficiency measure that [EGU] rebates and claims natural gas savings from, the ECR natural gas savings is only claimed for a single year.”²² Moreover, in response to DPU’s concern about decreasing EE program participation trends, EGU states, “[i]n the cycle of rebating high efficiency equipment, it is natural for participation to start slowly, increase over time, and peak, at which point the market is changed and [EGU] takes

¹⁸ DPU Action Request Response at 21.

¹⁹ OCS Comments at 5.

²⁰ DPU Reply Comments at 3.

²¹ *Id.*

²² EGU Reply Comments at 9.

the prudent step of eliminating the market-adopted equipment as a rebate-eligible measure.”²³ Finally, EGU “supports [DPU’s and OCS’s] recommendation to discuss the value and continued funding of the MTI budget in 2026 Advisory Group Meetings.”²⁴

4. DISCUSSION, FINDINGS, AND CONCLUSIONS

Based on our review of the Application, DPU’s and OCS’s comments and recommendations, and DPU’s and EGU’s reply comments, we conclude (1) the Application complies with PSC requirements, and (2) except as discussed below, the proposals and requests in the Application and the corresponding Tariff revisions are just, reasonable, and in the public interest.

First, the PSC finds that, in response to comments from DPU and OCS, EGU has agreed to certain modifications to its proposals in this docket and other items as follows:

- a. EGU agrees that the hydronic heating coil measure is not approved as an eligible rebate for 2026, and will be discussed in detail by the ThermWise® Advisory Committee for future consideration;
- b. EGU shall perform an analysis of the benefit-to-cost outcomes and cost-effectiveness assumptions, and discuss the results with the ThermWise® Advisory Committee; and

²³ *Id.* at 6.

²⁴ *Id.* at 10.

- c. EGU shall engage in discussions among the ThermWise® Advisory Committee concerning the value and continued funding of the MTI.

We find these modifications appropriate based on the record and approve them as being just, reasonable, and in the public interest.

Second, while there is disagreement concerning the 2026 MTI budget, we find it unnecessary to fully resolve that disagreement here. EGU's proposed 2026 MTI budget represents an approximately \$1.38 million component of the larger total proposed 2026 Energy Efficiency Programs and Market Transformation Initiative budget of approximately \$36.1 million requested in the Application. All parties agree that the third-party EE program evaluations proposed in the 2026 MTI budget should be completed. There is also no dispute that the projected cost to conduct these third-party evaluations should be approximately \$350 thousand. However, while OCS and EGU disagree over where the funding for these evaluations should come from, we do not find the evidence supports cutting \$350 thousand from a specific line item in the proposed 2026 MTI budget, as advocated by OCS. Instead, we find the evidence more broadly supports that adequate funding exists in the entire 2026 Energy Efficiency Programs and Market Transformation Initiative budget amount that we approve today, such that the requested \$350 thousand required for the EE evaluations should be readily available for these purposes.

Accordingly, we approve the total amount of the 2026 Energy Efficiency Programs and Market Transformation Initiative budget at \$35.736 million, which is a

reduction of \$350 thousand for the projected cost for the EE program evaluations from the original \$36.086 million requested in the Application for all 2026 EE and MTI programs. We find the approved amount to be reasonable and appropriate to address the expenses explained in the Application and to be just, reasonable, and in the public interest.

ORDER

We approve the Application as modified herein, and we approve the corresponding Tariff sheets as modified herein, with an effective date of January 1, 2026. EGU shall promptly submit revised Tariff sheets accurately reflecting this Order.

DATED at Salt Lake City, Utah, January 16, 2026.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

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

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#343422

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 16, 2026, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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