

**NorthWestern Energy  
Docket GE16-005  
South Dakota 2017 DSM Filing**

**South Dakota Public Utilities Commission  
First Data Request (1-1 – 1-12)**

Data Requests received December 7, 2016

1-1) Please explain what resulted in the low TRC scores for the residential programs that occurred in the first two years of the DSM program, as shown in the table below.

NorthWestern Energy South Dakota DSM Program Cost Effectiveness Calculations												
	07/01/2014 - 06/30/2015			07/01/2014 - 09/30/2016			07/01/2015 - 06/30/2016			07/01/2015 - 09/30/2016		
	PAC Test	TRC Test	RIM Test	PAC Test	TRC Test	RIM Test	PAC Test	TRC Test	RIM Test	PAC Test	TRC Test	RIM Test
E+ Residential Home Energy Audits - Electric	0.12	0.12	0.09	0.14	0.14	0.10	0.17	0.17	0.11	0.17	0.17	0.11
E+ Residential Home Energy Audits - Gas	0.19	0.19	0.14	0.24	0.24	0.16	0.30	0.30	0.18	0.30	0.30	0.18
Commercial Electric Programs	1.34	0.81	0.32	2.66	1.36	0.32	2.34	1.23	0.31	3.16	1.52	0.32
Residential Electric Programs	0.16	0.15	0.12	0.17	0.16	0.12	0.20	0.18	0.12	0.24	0.22	0.14
Commercial Natural Gas Programs	0.01	0.01	0.01	3.15	0.91	0.47	0.27	0.25	0.22	5.87	1.05	0.49
Residential Natural Gas Programs	0.72	0.55	0.40	1.28	0.76	0.38	2.03	0.91	0.38	1.87	0.89	0.37

**RESPONSE:**

The program mix of NorthWestern’s Efficiency Plus (E+) initial Plan in South Dakota provided opportunities and broad applicability for customer participation. While start-up lagged as a result of hiring challenges and customer participation has not developed at the anticipated pace, the cost effectiveness has generally improved over time. Clearly, demand for the commercial electric programs has been great both as reflected in the TRC analysis and in the fact that the electric programs were suspended in October of 2016 as a result of budgets being spent before the end of the program year. That suspension limited the ability to generate any additional results in the residential electric programs in 2016.

As noted in the initial plan, Residential Home Energy Audits do not have a TRC of 0.9 or greater. This program was proposed as a foundational energy conservation program available to all qualifying residential customers at no direct charge. Further explanation regarding participation in residential rebate programs by customers who received a Home Energy Audit is discussed in the response to Data Request 1-3.

In Year 1, NorthWestern offered the In-Store Coupon for instant rebates on compact fluorescent lamps (CFLs) through participating retailers as part of the residential lighting program, which rolls up into the residential electric programs. Customer participation was not as robust as anticipated. The analysis of this offering following the Fall of 2014 and the Spring of 2015 campaigns determined that the CFL coupon offering was not a cost effective delivery mechanism and NorthWestern modified its offerings to eliminate

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1-1 cont'd

the In-Store Coupon. NorthWestern has continued to offer CFLs through a mail-in rebate offering although customer response has been limited. NorthWestern has continued to evaluate the cost-effectiveness of LEDs in which customer interest is likely greater.

The anticipated demand for the Residential Existing and Residential New Construction Electric programs did not develop. However, the TRC for these offerings has been trending upward as is noted in the NorthWestern Energy South Dakota DSM Program Cost Effectiveness Calculations table above. The Residential New Construction Electric program had only a single construction season for participation and was suspended before the end of 2016 due to the commercial program successes.

Likely, trade ally and customer awareness of the programs continued to grow through outreach and the Home Energy Audits. NorthWestern Energy recognizes that customers act on energy saving measures when it is convenient and affordable to them. Rebates make such actions more affordable but the timing of such action is unpredictable.

Based on the results of the initial offerings and conversations with Commission Staff, NorthWestern is reevaluating these programs and will be submitting a revised 2017 DSM Plan concerning the disposition of these programs.