

**DIRECT TESTIMONY  
OF  
MICHAEL T. HUBBARD  
ON BEHALF OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
BEFORE THE  
STATE CORPORATION COMMISSION OF VIRGINIA  
CASE NO. PUR-2021-00247**

1 **Q. Please state your name, position with Virginia Electric and Power Company**  
2 **(“Dominion Energy Virginia” or the “Company”), and business address.**

3 A. My name is Michael T. Hubbard, and I am Manager – Energy Conservation for  
4 Dominion Energy Virginia. My business address is 600 East Canal Street, Richmond,  
5 Virginia 23219. A statement of my background and qualifications is attached as  
6 Appendix A.

7 **Q. Please describe your areas of responsibility with the Company.**

8 A. I am responsible for implementing the Company’s Demand-Side Management (“DSM”)  
9 programs (individually “DSM Program(s)” or “Program(s),” collectively “DSM  
10 Portfolio” or “Portfolio”), which includes oversight of Program planning and the requests  
11 for proposals (“RFPs”) through which the Company selects vendors to help administer  
12 the Programs, and oversight of the vendors during Program implementation.

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. My testimony supports the Company’s petition for approval to (1) implement DSM  
15 “Phase X,” which includes new Programs to supplement the overall Portfolio, as well as  
16 requests for additional funding and extension for existing Programs; (2) increase funding  
17 for Portfolio marketing to drive increased participation in the Company’s DSM

1 Programs; and (3) update and continue rate adjustment clauses (“RACs”) designated  
2 Riders C1A, C2A, C3A, and C4A (collectively, the “Application”).

3 Specifically, I will provide an update on the status of the Company’s approved DSM  
4 Programs, and address the proposed updates to those programs. My testimony will also  
5 provide an overview of the development and design of the proposed Phase X Programs,  
6 including the RFP process. Furthermore, I would like to note that although we are still  
7 using the Phased approach for purposes of cost caps, implementation, and marketing, we  
8 are moving to the newly proposed seven program approach that the Company’s  
9 consultant, Cadmus, recommends in Table ES-3 of the Company’s Long Term Plan  
10 (“DSM LTP” or “LTP”). Moreover, I will discuss the quality assurance process and give  
11 an update on the Company’s controls surrounding the rebate approval process and any  
12 changes therein. Lastly, I will address certain provisions of the State Corporation  
13 Commission’s (the “Commission”) Rules Governing Utility Promotional Allowances  
14 (“Promotional Allowances Rules”) (20 VAC 5-303-10, *et seq.*).

15 **Q. Are you sponsoring an exhibit in this proceeding?**

16 A. Yes, Company Exhibit No. \_\_, MTH, consisting of Schedules 1-8 was prepared under my  
17 supervision, and is accurate and complete to the best of my knowledge and belief.  
18 Schedule 1 includes fact sheets for each of the Company’s existing and active DSM  
19 programs, excluding Phase IX, which was recently approved by the Commission in  
20 September 2021. Schedule 2 was prepared at the direction of Ordering Paragraph (5) of  
21 the Commission’s Final Order in the Company’s 2019 DSM Proceeding, Case No. PUR-  
22 2019-00201. It summarizes the DSM Programs, proposed by the Company in Phases I  
23 through IX, with information regarding each Program’s approval status, costs requested,

1 costs approved, actual costs and participation through December 31, 2020, and start and  
2 end dates, among other content. Schedule 3 provides a description of the proposed Phase  
3 X Programs. Schedule 4 (Public and Extraordinarily Sensitive versions filed under seal  
4 and subject to the Company’s Motion for Protective Order and Additional Protective  
5 Treatment filed coincident with the Application) contains additional program detail for  
6 the Phase X Programs. Schedule 5 provides an overview of RFP process that led to the  
7 proposed Phase X Programs in this instant filing. Schedule 6 provides an overview of the  
8 Company’s rebate review and approval process. Schedule 7 illustrates the pre-approval  
9 operational procedure utilized by the Company’s implementation vendor for the non-  
10 residential Programs. Finally, Schedule 8 is a sample data chart for existing and  
11 proposed programs, which presents a mix of verified persistent savings and projections  
12 for future years.

13 I also sponsor Filing Schedule 46.c.1.iii, Statement 1 (Public and Extraordinarily  
14 Sensitive versions filed under seal and subject to the Company’s Motion for Protective  
15 Order and Additional Protective Treatment filed coincident with the Application), which  
16 has been prepared under my direction and supervision, and is accurate and complete to  
17 the best of my knowledge and belief.

18 **Q. How is your testimony organized?**

19 A. My testimony is organized as follows:

- 20 I. Status of Existing and Active Programs
- 21 II. Discussion of Opt-out process resulting from the Large General Service  
22 Customer (“LGS”) Final Order
- 23 III. Launch Efforts of Phase IX Programs

- 1 IV. Proposed Phase X Programs  
2 V. Proposed Customer Awareness  
3 VI. Quality Assurance and Controls and Compliance with Commission Orders  
4 and Rules

5 **I. STATUS OF EXISTING AND ACTIVE PROGRAMS**

6 **Q. Mr. Hubbard, please provide an update on the Company’s existing and active DSM**  
7 **Programs.**

8 A. The Company’s existing and active DSM Programs, other than Phase IX, which is  
9 discussed in Section III, are:

- 10 • Residential AC Cycling (DR)
- 11 • Residential Appliance Recycling (EE)
- 12 • Residential Efficient Products Marketplace (EE)
- 13 • Residential Home Energy Assessment (EE)
- 14 • Residential Customer Engagement (EE)
- 15 • Residential Smart Thermostat (EE)
- 16 • Residential Smart Thermostat (DR)
- 17 • Non-residential Distributed Generation (DR)
- 18 • Non-residential Lighting Systems & Controls (EE)
- 19 • Non-residential Heating and Cooling Efficiency (EE)
- 20 • Non-residential Window Film (EE)
- 21 • Non-residential Small Manufacturing (EE)
- 22 • Non-residential Office (EE)
- 23 • Residential Electric Vehicle (EE and DR)
- 24 • Residential Electric Vehicle (Peak Shaving)
- 25 • Residential Energy Efficiency Kits (EE)

- 1 • Residential Home Retrofit (EE)
- 2 • Residential Manufactured Housing (EE)
- 3 • Residential New Construction (EE)
- 4 • Residential/Non-residential Multi-family (EE)
- 5 • Non-residential Midstream Energy Efficiency Products (EE)
- 6 • Non-residential New Construction (EE)
- 7 • Small Business Improvement Enhanced (EE)
- 8 • HB 2789 (Heating and Cooling/Health and Safety) (EE)

9 Fact sheets for each of these Programs, with the exception of the recently approved DSM  
10 Phase IX Programs, are attached collectively as my Schedule 1. Each fact sheet contains  
11 detailed information, including a Program description, eligibility requirements, approved  
12 measures, budget, participation, and energy savings. Program participation, energy  
13 savings, demand savings, and Program spend values as of December 31, 2020, are  
14 sponsored by Company Witness Dan Feng of DNV, the Company’s evaluation,  
15 measurement, and verification (“EM&V”) expert witness. Please also see my Schedule  
16 2, which summarizes the DSM Programs, proposed by the Company in Phases I through  
17 IX, with information regarding each Program’s approval status, costs requested, costs  
18 approved, actual costs and participation through December 31, 2020, and start and end  
19 dates, among other content.

20 **Q. Do you have any comments on the Company’s DSM Phase I Residential AC Cycling**  
21 **Program?**

22 A. Yes. The Residential AC Cycling Program was initially approved on March 24, 2010, in  
23 the Company’s 2009 DSM proceeding, Case No. PUE-2009-00081. In the 2012 DSM

1 proceeding, Case No. PUE-2012-00100, the Commission approved the continuation of  
2 the AC Cycling Program through March 31, 2016. The Program was subsequently  
3 extended through March 31, 2021, pursuant to the Commission's Final Order in the  
4 Company's 2015 DSM proceeding, Case No. PUE-2015-00089. Subsequently, the  
5 Company requested and received a two-year extension through March 31, 2023, pursuant  
6 to the Commission's Final Order in the Company's 2019 DSM Proceeding Case No.  
7 PUR-2019-00201.

8 The Company has evaluated the long-term strategy and usefulness of this Program and  
9 has determined that the Program has exhausted its operational program life and should  
10 close.

11 In particular, there are an increasing number of inoperable switches as they are aging  
12 assets, as well as HVAC technicians unrelated to the program upgrading customers' units  
13 to more efficient systems and/or disconnecting the switches when repairing outdoor units.  
14 Because the switches are one way technology (meaning a response action can be sent to  
15 the switch but the switches themselves do not communicate back), the Company does not  
16 have a way to detect these issues without recurring field inspections. In addition, the  
17 backbone of the one way communication is the Company's paging system and the  
18 viability of continuing its use is in question because its functionality has been largely  
19 replaced by cell phones. There are fewer applications for the paging network Company-  
20 wide to maintain its operation due to the universal functionality being replaced by cell  
21 phones, which potentially would shift additional maintenance costs on the AC cycling  
22 program if it has to take the lead role in covering these costs. Upgrading the paging  
23 system for the AC cycling system alone is cost prohibitive. As such, for these reasons,

1 the Company plans to methodically wind down the Program and notify customers of the  
2 opportunity to participate in the Company's DSM Phase VII Residential Smart  
3 Thermostat DR Program as an alternative. It should be noted that because of the way the  
4 AC Cycling Program is structured, wind down is more complex than other DSM  
5 Programs that the Company has ceased offering in the past.

6 For example, the Company may be requested to physically remove the switches from the  
7 customers' premises. There will be extensive coordination with the implementation  
8 vendor required for this effort along with the associated costs. Therefore, it may be  
9 necessary for the Company to continue recovery through a final order in the Company's  
10 next DSM annual case, which is typically in the August/September timeframe (of 2022).  
11 Consistent with the request in Company Witness Frost's direct testimony, the Company  
12 is seeking the ability to recover for this Program through the end of 2023. This would  
13 give the Company time to assess if additional time is needed to remove switches as the  
14 program is wound down.

15 **Q. Do you have any comments on the Company's DSM Phase VII Residential Efficient**  
16 **Products Marketplace Program?**

17 A. Yes. The Company's Phase VII Residential Efficient Products Marketplace Program was  
18 approved for a five-year period in Case No. PUR-2018-00168. This Program continues  
19 to be high in demand, popular, and an important Program for the Company's residential  
20 customer class, with over 8 million energy efficiency measures (as of September 30,  
21 2021) discounted as point-of-sale purchases within the Company's service territory. This  
22 has resulted in approximately 152 megawatt-hours of savings.

1 This Program is playing an important role in the Company’s DSM Portfolio, and the  
2 savings being achieved are critical to the Company’s path to reaching the energy  
3 efficiency savings targets set forth in the Virginia Clean Economy Act. Because of this  
4 Program’s popularity, approximately 53% of the approved Program budget of \$39.9  
5 million has been spent. As such, the Company is seeking additional funds for the last two  
6 years of the Program approval period, years 2022 and 2023, without slowing down  
7 participation or having to wind down the Program earlier than the anticipated program  
8 end date. The increase in the cost cap will allow the Program to continue to operate  
9 throughout its approval period and allow customers to continue to take advantage of the  
10 discounted energy efficiency measures that the Program offers.

11 **Q. Do you have any additional comments on the Company’s existing DSM Programs?**

12 A. Yes. The Company’s consultant, Cadmus, has proposed a restructuring of the  
13 Company’s DSM program portfolio into seven overarching programs. This re-  
14 organization would initially be customer-facing with the intent to increase customer  
15 awareness of the numerous DSM programs that the Company has to offer. As such, the  
16 Company’s existing programs will be slotted into the following seven different program  
17 categories, consisting of three different sectors:

- 18 • Residential sector, which will include the Residential Efficient Products  
19 Program, the Residential Energy Services Program, and the Residential New  
20 Construction Program;
- 21 • Income and Age Qualified (“IAQ”) sector, which will include Income and  
22 Age Qualified Programs; and
- 23 • Non-residential sector, which will include Small Business Solutions Program,  
24 Large Business Solutions Program, and Non-residential New Construction  
25 Program.



1 A more detailed overview of the proposed DSM portfolio restructure can be found in  
 2 Appendix B (Table B-1, Table B-2, and Table B-3) of the Company’s DSM LTP, which  
 3 is sponsored by Company Witness Terry M. Fry and in the tables copied below. These  
 4 tables include a portfolio overview of all of the Company’s currently active DSM  
 5 programs and the proposed DSM Phase X programs, which are part of this proceeding.  
 6 Please note that the Company’s proposed Phase X Voltage Optimization Program is not  
 7 represented within this DSM portfolio structure since it is not a customer facing program  
 8 and is therefore not represented within one of the three program portfolio sectors.

9 **LTP Proposed Sector Program Bundles**

10 **Table B-1. Residential Sector Program Bundles**

Plan Program	Plan Component	Existing Programs
Residential Energy Services Program	Home assessment and Direct Install	Home Energy Assessment Home Retrofit Residential Virtual Audit Manufactured Housing Multifamily
	Customer Engagement	Customer Engagement
	Appliance Recycling	Appliance Recycling
Residential Efficient Products Program	Efficient Products	Energy Efficient Products Efficient Products Marketplace Electric Vehicles Water Savings Smart Thermostat Purchase and Optimization
	Energy Efficient Kits	Smart Home Energy Efficient Welcome Kits
Residential New Construction Program	NA	Residential New Construction

1

**Table B-2. Income and Age Qualified Sector Program Bundles**

<b>Plan Program</b>	<b>Plan Component</b>	<b>Existing Programs</b>
<b>Income and Age Qualified Program</b>	Home assessment and Direct Install	Income and Age Qualifying Home Improvements Residential IAQ Enhancements HB2789 (Heating and Cooling/Health and Safety) HB2789 (Solar)
	Non-residential Facilities	Nonresidential IAQ Healthcare and Rental Property Owners
	Customer Engagement	Residential IAQ Home Energy Report

2

**Table B-3. Non-residential Sector Program Bundles**

<b>Plan Program</b>	<b>Plan Component</b>	<b>Existing Programs</b>
<b>Large Business Solutions Program</b>	Custom Rebates	Building Optimization Office Management System Efficiency Non-residential Engagement Building Optimization
	Facility Audit	Office Management System Efficiency Manufacturing and Air System Efficiency
	Prescriptive Rebates	Lighting Systems and Controls Heating and Cooling Efficiency Agriculture Data Center Hotel and Lodging Healthcare Multifamily Window Film Building Automation Manufacturing and Air System Efficiency
<b>Small Business Solutions Program</b>	Prescriptive Rebates	Lighting Systems and Controls Heating and Cooling Efficiency Agriculture Multifamily Window Film Building Automation Small Manufacturing and Air System Efficiency
	Audit, Direct Install and Enhanced Rebates	Small Business Improvement Enhanced

Plan Program	Plan Component	Existing Programs
	Building Optimization	Office Management System Efficiency Building Optimization
	Customer Engagement	Small Business Behavioral
<b>Non-residential New Construction Program</b>	NA	Non-residential New Construction

1                   **II. DISCUSSION OF THE OPT-OUT PROCESS RESULTING FROM**  
2                   **THE RECENT LGS FINAL ORDER**

3   **Q.    In Case No. PUR-2020-00172, the Commission established rules regarding the**  
4           **exemption process for Large General Service Customers (“LGS Customers”).**  
5           **Please explain how the Company has complied with these rules. (20 VAC 5-350-10,**  
6           ***et seq.*)**

7    A.    The VCEA, which became effective July 1, 2020, removed prior language under Virginia  
8           Code § 56-585.1 A 5 that provided an automatic exemption for large commercial and  
9           industrial customers—defined as any customer over 500 kilowatts (“kW”) from paying  
10          for new utility-sponsored energy efficiency programs. Instead, the VCEA redefines a  
11          LGS Customer as a customer that has a verifiable history of having used more than one  
12          megawatt (“MW”) of demand from a single site and directed the Commission to establish  
13          a qualification and opt-out process for eligible LGS Customers that implement energy  
14          efficiency measures at their own expense. On January 29, 2021, the Commission issued  
15          a final order with adopted rules governing exemption for LGS Customers (20 VAC 5-  
16          350-10, *et seq*) and governing the exemption process (“LGS Final Order”).

17          The exemption is specifically applicable to LGS customers that have verifiable histories  
18          of using more than one megawatt of monthly demand from a single site in any single  
19          billing month, during each of the previous three calendar years. Customers seeking the

1 exemption had to submit a detailed notice of nonparticipation (“Notice of  
2 Nonparticipation”) with numerous requirements to the Company no later than April 8,  
3 2021, for the exemption to be effective for the rate year beginning September 2021. For  
4 subsequent years, the Notice and all supporting documentation must be received by  
5 March 1 to be considered for the applicable year.

6 The Company has implemented the following steps for the newly enacted opt-out process  
7 as a result of the final order. Following receipt of the Notice, the Company will either:

- 8 1) Notify the customer that this Notice is accepted; or
- 9 2) Notify the customer that this Notice is deemed deficient and is, therefore, not  
10 accepted.

11 The Company’s acceptance or denial of any Notice of Nonparticipation will concurrently  
12 be sent to the customer and provided by the utility to the State Corporation Commission’s  
13 Division of Public Utility Regulation. Upon acceptance of any Notice of  
14 Nonparticipation, that customer shall be exempt from any Dominion Energy Virginia rate  
15 adjustment clause approved by the Commission pursuant to § 56-585.1 A 5 c of the Code  
16 of Virginia, beginning with the effective date of the next rate adjustment clause on or  
17 after July 1, following the date of acceptance of the Notice of Nonparticipation, and  
18 continuing throughout the life of the customer’s energy efficiency improvements  
19 described in the customer’s Notice of Nonparticipation.

20 This year, the Company received 35 requests for exemptions and approved 17  
21 exemptions under the new Commission rules. The 17 customers who have requested and  
22 received an exemption became exempt from paying riders C2A and C4A as of September  
23 1, 2021.

1 **III. LAUNCH EFFORTS OF PHASE IX PROGRAMS**

2 **Q. Please provide the status on the launch efforts of the recently approved Phase IX**  
3 **Programs.**

4 A. Since the final order in Case No. PUR-2020-00274 (“2020 DSM Final Order”) was  
5 issued on September 7, 2021, the Company has worked diligently with the various  
6 program implementation vendors to finalize contracts while beginning program launch  
7 activities. The Company began its program launch activities promptly after the 2021  
8 DSM Final Order, including contractor background checks; cyber risk assessment and  
9 development of mitigation plans; development of data security specifications, data  
10 pipelines, transmission, and access protocols; program terms and conditions; program  
11 web development and deployment; call center scripts and staffing; interactive voice  
12 response system programming; design and production of program specific marketing  
13 materials; development of program data collection specifications for EM&V; secure data  
14 exchange rollout and testing; and development of contractor network and/or  
15 subcontractors.

16 The Company expects all approved Phase IX Programs will be available to customers in  
17 the first quarter of 2022. Additionally, the proposed Phase IX Programs have been  
18 consolidated into the seven overarching programs, in which customers can engage with  
19 energy efficiency, as noted earlier and consistent with Cadmus’ DSM LTP  
20 recommendations.

1 **IV. PROPOSED PHASE X PROGRAMS**

2 **Q. Please summarize the Company’s request in this proceeding with respect to new**  
3 **DSM Programs.**

4 A. The Company is seeking approval of Phase X of its DSM Portfolio in this proceeding.  
5 Specifically, the Company is proposing the following new Phase X Programs,  
6 expansions, and extensions:

- 7 • Residential Income and Age Qualifying Home Energy Report (EE)
- 8 • Non-residential Income and Age Qualifying Program for Health Care and  
9 Rental Property Owners (EE)
- 10 • Small Business Behavioral (EE)
- 11 • Non-residential Data Center and Server Rooms (EE)
- 12 • Non-residential Health Care (EE)
- 13 • Non-residential Hotel and Lodging (EE)
- 14 • Voltage Optimization (EE)
- 15 • Enhancement of the Residential Income and Age Qualifying Home  
16 Improvement (EE)
- 17 • Extension of the Non-residential Lighting Systems & Controls Program  
18 (EE)

19 As noted above, although we are still using the Phased approach for purposes of cost  
20 caps, implementation and marketing, the Company intends to move to the newly  
21 proposed seven program approach recommended in the LTP. Moreover, as detailed in  
22 the application and consistent with the Commission’s approval of the Phase IX Programs,  
23 the Company requests approval to operate the proposed Phase X Programs without a

1 predetermined closure date (*i.e.*, no expiration dates until discontinuation is proposed by  
2 the Company and/or the programs are found to be no longer cost effective after  
3 reasonable time period to adjust operations). The Company believes removing the  
4 predetermined expiration dates on all DSM Programs would be an additional area of  
5 regulatory flexibility that will unlock additional energy efficiency savings and support the  
6 future restructuring of the Company's DSM portfolio. The detail regarding the approval  
7 period and operational period for Voltage Optimization are addressed by Company  
8 Witness Robert S. Wright, Jr.

9 **Q. Please elaborate on each of the proposed Phase X Programs.**

10 A. The Company is proposing new programs that will, if approved, be incorporated into the  
11 Company's overall portfolio of programs. The proposed Programs include multiple  
12 measures as suggested to the Company through various channels, including DSM  
13 stakeholders, DSM Market Potential Studies, the Stakeholder Review Process, and RFPs.

14 Below are brief descriptions of the Phase X Programs. Detailed Program sheets  
15 including descriptions, eligibility, measure lists, projected participation and energy  
16 savings, and cost caps are provided in my Schedule 3, with additional design details also  
17 provided in my Schedule 4. Cost/benefit results for the Programs are discussed and  
18 provided by Company Witness Edmund J. Hall's direct testimony and schedules.

19 **Q. Why is the Company proposing an enhancement to the recently approved Phase IX  
20 Residential Income and Age Qualifying Home Improvement Program?**

21 A. The enhancement proposed in this proceeding incorporates program measures that will  
22 allow the local weatherization service providers ("WSPs") to target and obtain deeper

1 savings on qualifying residential dwellings. These proposed program measures include  
2 Energy Star clothes washer, Energy Star dryer, Energy Star dishwasher, Energy Star  
3 windows, replacement of heat pump water heater, installation of window film, LED bulb  
4 replacements, and door replacements.

5 The Company is further proposing within the Phase X budget for the enhancement to  
6 include a marketing fund, which will be used to target areas that have had historically  
7 lower program participation, such as rural areas. The addition of this marketing budget  
8 will allow for a broader reach into rural communities. Finally, it is important to  
9 remember that the law targets 15% of the portfolio to be towards programs that assist low  
10 income customers.

11 In proposing this Phase X enhancement, the Company is trying to be responsive to the  
12 feedback from Commission Staff in last year's proceeding wherein the Staff indicated the  
13 Company should achieve greater energy savings per participating customer as well as  
14 strive for participation beyond multi-family urban housing. The Company believes its  
15 proposal herein achieves both aims.

16 Though this Program will operate in conjunction with the Company's other income-  
17 qualifying programs, as well as its unregulated EnergyShare program and other federal-  
18 and state-funded programs, the Company is presenting a stand-alone five-year budget and  
19 cost-effectiveness results so that the Phase X Program may be reviewed on an individual  
20 basis.



1                   **Residential Income and Age Qualifying Home Energy Report Program**  
2                   **(Energy Efficiency)**

3                   This Program would offer the opportunity for low income qualifying customers to save  
4                   energy in their homes while providing incentives for verified energy savings. The  
5                   proposed program design targets qualifying customers to reduce their energy usage  
6                   during the summer months from June to September. The personalized energy target  
7                   reduction reports will be sent digitally or by mail to the customer. These personalized  
8                   reports will introduce the customer to the Program; identify the customer’s customized  
9                   energy reduction targets; and highlight the two different incentive levels, which consists  
10                  of tier 1: \$100 (approximately 1-2% energy reduction) and tier 2: \$150 (approximately 3-  
11                  4% energy reduction). Each home energy report will also include a list of three to four  
12                  energy saving tips to help the customer achieve personal targets, as well as information  
13                  and cross-promotion of the Company’s other DSM program offerings.

14                  **Non-residential (Healthcare and Rental) Income and Age Qualifying Program**  
15                  **(Energy Efficiency)**

16                  This Program would be available to properties housing low-income and elderly residents  
17                  and could include housing authority and master metered properties, assisted living  
18                  residences, and nursing homes. Eligible non-residential customers will work with the  
19                  WSPs to verify resident eligibility and receive the installation of select energy saving  
20                  measures, which align with those measures offered in the Company’s other income and  
21                  age qualifying programs, including those proposed in Phase X.

1 **Small Business Behavioral Program**  
2 **(Energy Efficiency)**

3 Sample of small businesses in the Company’s service territory would receive customized  
4 business energy reports (“BER”), either digitally or through mail, with energy saving  
5 tips, energy saving forecasting, and energy saving opportunities and recommendations.  
6 The BERs include recommendations of low-to-no cost measures that would result in  
7 improved indoor air quality for the business staff and/or customer health. Customers can  
8 opt out of participation in the Program at any time.

9 **Non-residential Data Centers and Server Rooms Program**  
10 **(Energy Efficiency)**

11 This Program would provide qualifying non-residential customers with incentives to  
12 install energy efficiency measures related to equipment in and operation of data centers  
13 and server rooms.

14 **Non-residential Lighting Systems & Controls Program Extension**  
15 **(Energy Efficiency)**

16 The proposed Program design is an extension of the approved DSM Phase VII Non-  
17 residential Lighting Systems & Controls Program. The Program would provide non-  
18 residential customers with an incentive to implement more efficient lighting technologies  
19 that can produce verifiable savings. The Program measures and incentive levels are the  
20 same as in the approved DSM Phase VII Non-residential Lighting Systems & Controls  
21 Program.

22 **Non-residential Health Care Program**  
23 **(Energy Efficiency)**

24 The proposed Program would target the health care customer segment and would provide  
25 those qualifying non-residential customers with incentives to install energy efficiency

1 measures. The program implementation vendor would assist the customer in identifying  
2 the project, provide technical assistance and incentives for prescriptive and custom  
3 projects to encourage the purchase and installation of energy efficient equipment and  
4 program measures. In addition to the energy efficiency savings, the proposed Program  
5 will promote non-energy benefits such as improved health and well-being of building  
6 occupants by emphasizing measures that enhance indoor air quality, thermal comfort,  
7 improved building ventilation, and air filtration.

8 **Non-residential Hotel and Lodging Program**  
9 **(Energy Efficiency)**

10 The proposed Program would target the hotel and lodging industry within the Company’s  
11 service territory and would provide those qualifying non-residential customers with  
12 incentives to install energy efficiency measures. The program implementation vendor  
13 would assist the customer in identifying the project, provide technical assistance and  
14 incentives for prescriptive and custom projects to encourage the purchase and installation  
15 of energy efficient equipment and program measures. In addition to the energy efficiency  
16 savings, the proposed Program will promote non-energy benefits such as improved health  
17 and well-being of building occupants by emphasizing measures that enhance indoor air  
18 quality, thermal comfort, and improved building ventilation and air filtration.

19 **Voltage Optimization**  
20 **(Energy Efficiency)**

21 The principle of voltage optimization (“VO”) is that most types of customer load use less  
22 energy when supplied with a lower input voltage. VO will be implemented largely by  
23 utilizing a centralized control system that changes the voltage set point at transformer  
24 load tap changers and voltage regulators (collectively, “devices”), with feedback from

1 end-of-line voltage measurements. The proposed program design implements VO on all  
2 suitable devices across the Company's Virginia service territory. This program is  
3 explained in more detail in Company Witness Wright's testimony.

4 **Q. Will you describe the eligibility requirements for the proposed Phase X DSM**  
5 **Programs?**

6 A. Details regarding eligibility for each of the proposed Phase X DSM Programs are  
7 included within the Schedule 3 program sheets. The proposed Programs are designed for  
8 specific segments of residential and non-residential customers. Customers may be  
9 enrolled if they meet the eligibility requirements and agree to the applicable terms and  
10 conditions for that Program.

11 Additionally, customers participating in more than one DSM Program may only be  
12 incented for a particular measure once, even if the measure is offered in multiple  
13 programs.

14 Finally, customers over 1 MW must not have opted out of paying the DSM rider, per the  
15 LGS Customer opt-out process discussed above, in order to participate in an approved  
16 DSM program offered by Dominion Energy Virginia.

17 **Q. Are there any other eligibility requirements you wish to address?**

18 A. Yes. While not applicable to Phase X because all proposed Programs are energy  
19 efficiency, the Company does have certain restrictions in place regarding simultaneous  
20 participation in its demand-response ("DR") Programs. Specifically, a non-residential  
21 customer that participates in the Company's DSM Phase II Non-residential Distributed  
22 Generation Program is unable to participate simultaneously in the dynamic pricing rate

1 schedule, the standby generation/curtailable service rate schedules, and Schedule 10 rate  
2 schedule. Similarly, a residential customer who participates in the Company's DSM  
3 Phase I Residential AC Cycling Program is prohibited from participating in the  
4 Company's DSM Phase VII Residential Smart Thermostat Program (DR component) and  
5 dynamic pricing. Finally, customers that participate in the Company's DSM Phase VIII  
6 Residential Electric Vehicle Program, DR and peak-shaving components, are prohibited  
7 in participating in the dynamic pricing rate schedule. Lastly, the Company has quality  
8 control IT flag exception processes that the program managers utilize, as well as field  
9 quality assurance checks to provide protections against multiple payments for the same  
10 measure.

11 These restrictions are necessary in order to avoid incenting a customer multiple times for  
12 the same demand response action.

13 **Q. Please describe the RFP process that led to the development of the Phase X**  
14 **Programs.**

15 A. The proposed DSM Phase X Program concepts were developed through the energy  
16 efficiency stakeholder process, as directed by Chapter 397 of the 2019 Virginia Acts of  
17 Assembly, as required by § 56-596.2 of the Code of Virginia. The Company has  
18 participated thus far in 13 stakeholder group meetings since early 2019, all led by the  
19 Commission-appointed independent moderator. In addition to the Company being an  
20 active participant in the stakeholder meetings, the Company has continued to be actively  
21 involved and continues to meet with stakeholders in sub-group meetings, which take  
22 place outside the larger scheduled stakeholder meetings. During these meetings,  
23 stakeholders provided input on areas of focus for energy efficiency programs and specific

1 conservation measures, which is part of my Filing Schedule 46.c.1.iii, Statement 1.  
2 Statement 1 consists of the following stakeholder review process (“SRP”) items that  
3 contributed towards the development of the Company’s 2021 DSM RFPs: the  
4 independent monitor’s meeting notes from the February 2021 SRP update meeting and  
5 the Company’s DSM Update presentations that were shared with the stakeholders in the  
6 last four SRP meetings, which took place throughout 2021. The presentations contain  
7 updates on potential RFP program concepts and ideas received from various stakeholders.  
8 The Company then, to the best of our ability, incorporates the stakeholders’ ideas and  
9 recommendations into an RFP to solicit proposals for program designs based on those  
10 concepts developed at the stakeholder meetings. Specifically, this resulted in an energy  
11 efficiency RFP issued in June 2021 and a demand response RFP issued in July 2021.

12 Copies of the two RFPs are included in Filing Schedule 46.c.1.iii, Statement 1. Proposed  
13 program designs requested through the RFP process must include, but are not limited to:  
14 development of specific program measures, incentives, parameters and assumptions,  
15 projected participation, projected costs, load profiles, projected energy and demand  
16 savings, and eligibility requirements. The RFP process, as well as the subsequent  
17 evaluation of proposals received, resulted in the Program proposals in this filing. An  
18 illustration of the 2021 DSM Program concepts and categories received and reviewed, in  
19 addition to the cost/benefit analysis, is included in my Schedule 5.

20 **Q. How were the results from the RFP used for purposes of this application?**

21 A. The Company used the RFP responses to define measures that would be included in  
22 Programs and to develop the estimated penetrations, costs, and energy and load

1 reductions associated with the proposed Programs for purposes of the cost/benefit  
2 evaluations.

3 **Q. How does the Company propose to implement the Phase X Programs?**

4 A. The Company plans to implement the proposed Phase X Programs through fully  
5 outsourced implementation vendors, similar to the approach successfully used in  
6 previously-approved DSM Programs. The implementation vendor(s), in conjunction with  
7 the Company, often utilizes a contractor network to assist in delivering the program in the  
8 field, similar to previous phases. Final implementation details will be negotiated with the  
9 selected implementation contractor(s) upon Program approval.

10 **Q. When does the Company anticipate the Phase X Programs will be available to**  
11 **customers?**

12 A. With Commission approval, the Company anticipates the Phase X Programs will be  
13 available to customers in the first quarter of 2023, with launch activities beginning  
14 shortly after the Commission's final order in this proceeding.

15 **Q. How will the Company oversee the vendors selected to implement and manage these**  
16 **proposed Programs?**

17 A. As with the previously approved DSM Programs, the Company will require detailed  
18 reporting from its implementation vendors to help ensure that each Program meets its  
19 desired performance levels and participation targets. The Company will conduct EM&V  
20 on each Program and will include those results in its annual EM&V filing with the  
21 Commission, as discussed further in the pre-filed direct testimony of Company Witness  
22 Feng of DNV.

1 As with the currently approved Programs, the Company will use internal Program  
2 Managers to monitor vendor performance, Program success, and customer satisfaction.  
3 In addition, the Program Managers will ensure vendor compliance with contractual  
4 requirements and performance targets through regular reporting, and the proper  
5 coordination with the Company's systems and processes. Such monitoring and oversight  
6 should go unnoticed by the customer and will help to ensure successful and efficient  
7 interaction between the Company and its vendors.

8 **Q. Please explain how the Company plans to begin implementing recommendations**  
9 **outlined in its Long Term Plan.**

10 A. Consistent with Cadmus' recommendations to transform the Company's DSM program  
11 portfolio into seven comprehensive programs, as a first step, the Company anticipates  
12 streamlining the presentation of the programs so that the customer experience will be  
13 more simple and ultimately more positive. In parallel with this effort, the Company  
14 expects to review current contract terms and expiration dates and develop a detailed  
15 timeline for consolidating program implementation contracts such that they align with the  
16 program delineations outlined in the LTP. Since contract timelines have historically been  
17 aligned with regulatory approval periods, it will require several years to optimally align  
18 contract terms with the seven program areas and with new program approval periods.

19 In order to further implement the near-term LTP recommendations, the Company has  
20 also taken action to substantially add to its customer awareness and outreach efforts, as  
21 discussed in Section V below, and started to plan for the use of process evaluations to  
22 enhance program performance. The Company also tested a proposed design for a non-  
23 residential custom program as an addition to its portfolio. The design was not fully cost-



1 effective, but is expected to be cost-effective after some design refinements and is  
2 expected to be filed for approval in 2022.

3 Also consistent with the LTP recommendations, the Company is requesting in this  
4 proceeding an administrative approval process. If approved, the requested administrative  
5 approval process would allow minor program administrative adjustments while still  
6 maintaining regulatory program spending caps and general program design. The  
7 administrative approval process would allow adjustments such as adding or removing  
8 program specific measures, adding new technologies to existing programs, and budget  
9 reallocations as needed, based on actual program performance. This will allow program  
10 momentum to continue while minimizing disruptions and allowing the Company to react  
11 in a flexible way to market changes and program performance information.

## 12 V. PROPOSED CUSTOMER AWARENESS

13 **Q. Please explain how the Company plans to increase customer awareness for its DSM**  
14 **program portfolio offering.**

15 A. The Company is working with Cadmus, its consultant, to increase customer awareness by  
16 first developing a high level marketing strategy. This is a new undertaking for the  
17 Company and part of its long term plan development, as recommended in the LTP.

18 First, the Company is requesting an annual marketing budget of approximately \$2.5  
19 million. The requested marketing budget will be used to raise general customer  
20 awareness of its DSM programs with the help of a firm (or firms) that specialize(s) in  
21 DSM program customer awareness and outreach. The Company anticipates that the  
22 firm(s) will be selected in the near term through an RFP process. The successful vendor

1 will then assist the Company with developing and implementing a customer awareness  
2 and outreach plan, which is expected to address key elements of the overall customer  
3 experience from introduction to the programs through enrollment, participation, and  
4 fulfillment. This firm will also assist with coordinating the overall customer awareness  
5 and outreach with marketing efforts conducted by the Company's individual program  
6 implementation vendors.

7 **VI. QUALITY ASSURANCE AND CONTROLS AND COMPLIANCE WITH**  
8 **COMMISSION ORDERS AND RULES**

9 **Q. Please describe the difference between the Company's quality control and quality**  
10 **assurance processes.**

11 A. The Company has a quality control process that utilizes internal automated queries and  
12 staff to track and flag measures installed in its programs. Rebate application information  
13 and installation work must be completed before rebates are funded and approved during  
14 the weekly review process. Each measure is tracked for accuracy in the Company's  
15 Business Intelligence ("BI") system (the official system of record that all rebates are  
16 approved from) and checked again against the Program's applicable eligibility criteria.  
17 The final information is also submitted to DNV, the Company's EM&V vendor, to  
18 calculate energy savings and check data quality on a monthly basis. The BI system  
19 validates measures and prevents acceptance of measures previously installed under the  
20 same customer account. Company personnel work closely with the implementation  
21 vendor to help ensure that rebates and supporting application data are accurate. Any  
22 errors that are identified in the Company's weekly exception reports are captured and  
23 corrected by the appropriate program manager and analyst prior to being processed. The

1 rebate back-up documentation is scanned and stored in the Company's implementation  
2 vendor's systems, as with the quality assurance field work when performed. This  
3 supporting documentation can be matched to completed work once a completed rebate  
4 application is submitted and approved for payment.

5 In addition to the quality control processes discussed above, the Company's field and  
6 quality assurance process is used to check and verify the quality of work on a percentage  
7 of each vendor's projects. It should also be noted that the program implementation  
8 vendor often meets with customers and participating contractors to address work to be  
9 performed. All these ongoing quality controls and quality assurance observations help to  
10 ensure that legitimate work is rebated and not duplicated.

11 **Q. Please elaborate on the Company's quality assurance process for DSM Program**  
12 **measure installations.**

13 A. As outlined in my Schedules 6 and 7, the Company has detailed guidelines and processes  
14 to confirm that approved Programs are being implemented as planned and tracked closely  
15 as to participation levels and spending. Data quality control and field inspections are  
16 done by our implementation vendors, EM&V vendors, and the Company's Energy  
17 Conservation department staff.

18 **Q. Does the Company have plans for any other future improvements or changes to its**  
19 **DSM Program and measure controls?**

20 A. In addition to continuing enhancements to the pre-approval processes, one of the  
21 Company's program implementation vendors has launched an electronic rebate tracking  
22 system, which will continue to safeguard and securely transfer data between the

1 implementation vendor and the Company while processing rebate applications more  
2 swiftly. The program implementation vendor has successfully integrated its new  
3 electronic rebate tracking system into numerous programs in DSM Phases V, VI, VII,  
4 VIII, and IX, enabling opportunities to streamline field data collection and quality control  
5 mechanisms while safeguarding and securely transferring data between the  
6 implementation vendor and the Company. The tracking system and reporting tools  
7 improved the Company and its program implementation vendor's ability to analyze data,  
8 monitor trends, and make more informed business decisions, thereby enhancing overall  
9 program performance.

10 **Q. In the Commission's 2020 DSM Update Final Order, the Commission directed the**  
11 **Company to provide detailed supporting cost information for the measures included**  
12 **in its IAQ Programs going forward. (2020 DSM Final Order at 9). Has the**  
13 **Company complied with this requirement?**

14 A. Yes. Please see my Schedules 1-4 for the requested information, which, in total, provides  
15 the supporting cost information for the measures included in the Company's IAQ  
16 Programs. Accordingly, the Company believes it has complied with this requirement  
17 through the information presented in these schedules.

1 **Q. In the EM&V Proceeding (Case No. PUR-2020-00156), which reviewed the**  
2 **Company’s EM&V practices, the Commission directed the Company to provide a**  
3 **sample data chart for existing and proposed programs, which will present a mix of**  
4 **verified persistent savings and projections for future years. Has the Company**  
5 **complied with this directive?**

6 A. Yes. Please see my Schedule 8 for the requested information. This data chart presented  
7 in my Schedule 8 is not only responsive to the Commission’s directive, but also provides  
8 information in response to the recommendation and request by Appalachian Voices  
9 Witness James Grevatt in the EM&V Proceeding.

10 **Q. Do the proposed Programs promote appliances and equipment subject to the federal**  
11 **standards contained in the National Appliance Energy Conservation Act**  
12 **(“NAECA”) in accordance with Rule 40(1)(d) of the Promotional Allowance Rules**  
13 **(20 VAC 5-303-40(1)(d))?**

14 A. Yes. The NAECA standards establish minimum energy efficiency requirements for  
15 certain types of residential appliances sold in the United States. The Residential IAQ  
16 Home Improvement Enhanced Program does promote appliances or equipment that fall  
17 within the scope of NAECA.

1 **Q. Has the Company considered whether the proposed DSM Phase X Programs will**  
2 **have any significant effect on the sales levels of an alternative energy supplier in**  
3 **accordance with Rule 40(1)(e) of the Promotional Allowances Rules (20 VAC 5-303-**  
4 **40(1)(e))?**

5 A. As required by Rule 40(1)(e), the Company has considered this issue and does not  
6 believe the proposed DSM Phase X Programs will have a significant effect on the sales  
7 levels of alternative energy suppliers. The proposed Programs are not designed or  
8 expected to influence the use of one energy source over another but, rather, are designed  
9 to specifically target electric applications.

10 **Q. How will the proposed DSM Programs conform to Rule 40(1)(c) of the Promotional**  
11 **Allowances Rules (20 VAC 5-303-40(1)(c)), which requires that the DSM Programs**  
12 **be designed to minimize the potential for placing private businesses at an undue**  
13 **competitive disadvantage?**

14 A. The RFP issued for the potential Phase X Programs requested information regarding how  
15 each contractor plans to use other small and/or diverse businesses or subcontractors.  
16 When evaluating the bids, the Company favorably considered the bidders' affirmative  
17 responses and responsive examples to these questions. This requirement is further  
18 embodied in the Company's implementation contracts. Additionally, private businesses  
19 serve as the delivery mechanism for services and energy saving measures within the  
20 Programs. This approach directly supports local and private businesses.

1 **Q. Has the Company defined customer classes in compliance with Rule 40(1)(b) of the**  
2 **Promotional Allowances Rules (20 VAC 5-303-40(1)(b))?**

3 A. Yes. The Company has defined the residential, commercial, and industrial customer  
4 classes in compliance with Rule 40(1)(b). The Company uniformly extends the DSM  
5 Programs to all customers in each defined class as allowed by statute, provided they meet  
6 the Program eligibility requirements.

7 **Q. Does this conclude your pre-filed direct testimony?**

8 A. Yes, it does.

**BACKGROUND AND QUALIFICATIONS  
OF  
MICHAEL T. HUBBARD**

Michael T. Hubbard is Manager – Energy Conservation for Dominion Energy Virginia. Since 2008, his responsibilities have included oversight of the design and implementation of new DSM programs, including vendor retention and oversight. In 2010, he served on the Governor’s Operational Review Taskforce to reduce costs and improve efficiencies for state government. He also served on the board of the Richmond Region Energy Alliance, and is currently on the board of the Virginia Energy Efficiency Council, working with stakeholders on key energy efficiency issues and the promotion of cost effective DSM programs. He is a certified Six Sigma Green Belt.

Mr. Hubbard joined Dominion Energy Virginia in 1996 and has served in a number of regulatory and customer service-related leadership roles in the Delivery and Service Company organizations.

While in the position of Underground Damage Prevention Manager, he was appointed to serve on the Commission’s Advisory Committee for matters concerning the enforcement of the Virginia Underground Utility Line Damage Prevention Act, and also served on the board of directors that formed a new statewide Miss Utility call center.

Mr. Hubbard has a B.S. in History from Hampden-Sydney College and M.S.L.S. (Masters in Library Sciences) from the University of Kentucky, and is a member of the Phi Beta Kappa National Honor Society.

Mr. Hubbard has previously presented testimony before the State Corporation Commission of Virginia and the North Carolina Utilities Commission.