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February 16, 2016

**VIA ELECTRONIC FILING**

Ms. Gail L. Mount, Chief Clerk,  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**RE: Compliance Filing – Residential Service Home Energy Improvement  
Program HEIP-5  
Docket No. E-2, Sub 936**

Dear Ms. Mount:

Pursuant to the Commission's order in the above-referenced docket dated February 9, 2016, as well as Commission Rule R8-25(a), enclosed for filing is Duke Energy Progress, LLC's ("DEP" or the "Company") compliance tariff supporting its Residential Service Home Energy Improvement Program ("HEIP"). The Company has revised the HEIP program tariff to reflect the changes approved by the Commission pursuant to a Settlement Agreement between DEP and the Public Staff that was filed with the Commission on February 4, 2016. For the Commission's convenience, also attached are highlighted changes to the current tariff to more clearly identify for the record the revisions implemented with the Commission's order.

Please note that the revised tariff also includes the addition of incentives related to high efficiency variable speed pool pumps which were included in the tariff by an informational filing with the Commission on December 16, 2015, pursuant to the flexibility guidelines in effect in 2015. The effective date of the tariff is delayed until April 16, 2016 to allow adequate time to transition to the new program parameters.

If you have any questions, please let me know.

Sincerely,

Brian L. Franklin

Enclosures

OFFICIAL COPY

Feb 16 2016

RESIDENTIAL SERVICE – HOME ENERGY IMPROVEMENT  
PROGRAM HEIP-5

PURPOSE

The purpose of this program is to offer customers a variety of energy conservation measures designed to increase energy efficiency in existing residential dwellings that can no longer be considered new construction. This Program will utilize a network of customer-selected contractors from a prequalified list provided by Company to install energy efficiency measures: (1) to encourage the installation of high efficiency central air conditioning (AC) and heat pump systems; (2) to encourage attic insulation and sealing; (3) to perform diagnostic maintenance on heat pumps or central AC units; (4) to encourage the installation of heat pump water heaters, (5) to encourage high efficiency room AC; (6) to encourage the installation of a smart thermostat and/or Quality Installation of qualifying high efficiency central AC and heat pump (HVAC) systems; and (7) to encourage the installation of high efficiency variable speed pool pumps.

AVAILABILITY

The program is available to customers whose premise is at least one year old, is served under a residential service schedule by Company, and is applicable to all electric service of the same available type supplied to Customer's premises at one point of delivery through one kilowatt-hour meter under the provisions of this Program.

Incentives are only applicable to measures installed by a prequalified contractor approved by Company; however, high efficiency room AC(s) may be self-installed and do not require the use of a prequalified contractor.

INCENTIVE PAYMENTS

For installations on and after April 16, 2016, Customer shall receive the following incentives for qualifying equipment or other measures:

1. For air duct repair, 50% of the repair cost, not to exceed \$190 per unit per dwelling;
2. For increasing attic insulation to a minimum of R30 and attic air sealing, 37.5 cents per square foot, not to exceed \$500 per dwelling;
3. For the installation of qualifying high efficiency central AC, heat pumps, and geothermal heat pumps, the tiered incentive amounts are as follows:

		Incentive
Tier 1	AC or heat pump with SEER of 14 or greater but less than 15. The HVAC system must meet the Quality Installation Standard of 90%	\$ 250.00
Tier 2	AC or heat pump with SEER of 15 or greater but less than 17	\$ 300.00
	Quality Installation Standard (Optional for Tier 2)	\$ 75.00
Tier 3	AC or heat pump with SEER of 17 or greater or Geothermal heat pump with ECM and EER of 19 or greater.	\$ 400.00
	Quality Installation Standard (Optional for Tier 3)	\$ 75.00

4. For Wi-Fi enabled Smart Thermostat installed and programmed at time of qualifying HVAC system installation, \$125 per unit.
5. For Quality Installation provided at time of the qualifying HVAC system installation, \$75 per measure for Tier 2 and Tier 3.
6. For HVAC audit, consisting of condenser coil cleaning plus correcting refrigerant charge and adjusting air flow using Company approved diagnostic tool, \$100. Customer shall be eligible for an HVAC audit incentive only once for the HVAC equipment life.
7. For the installation of heat pump water heater(s), \$350 per dwelling.
8. For high efficiency room AC(s), \$25 per unit with a maximum of 4 units per customer account subject to an incentive.
9. For the installation of high efficiency variable speed pool pump(s) in owner-occupied single-family residences, \$300.

#### RESPONSIBILITY OF PARTIES

A dwelling is eligible to receive an incentive for each central AC or heat pump, and heat pump water heater installed based on the efficiency level. The work performed for all measures must be completed by a Company prequalified contractor who has met the program training requirements and guidelines as set forth by the Program; however, high efficiency room ACs may be self-installed and do not require the use of a prequalified contractor.

#### CONTRACT TERM

Customer shall submit the required incentive application form, including required documentation such as equipment cut sheets and the original contractor invoice as provided by the contractor based upon program requirements, within ninety (90) days of completion of the work. Incentive application forms received after that date will not be eligible to receive an incentive payment.

All energy conservation measures shall be subject to inspection by Company for the purposes of program evaluation, measurement, and verification.

#### OTHER CONDITIONS

The following equipment specifications shall be met in order to be eligible to receive an incentive:

High Efficiency Heat Pump Replacements - the replacement unit(s) shall be a minimum SEER (Seasonal Energy Efficiency Ratio) of 14 with ECM.

High Efficiency Central AC Replacements - the replacement unit(s) shall be a minimum SEER of 14 with ECM.

Geothermal Heat Pumps - shall be a minimum EER (Energy Efficiency Ratio) of 19 with ECM.

Attic Insulation - shall require air leak sealing, bring the insulation up to a minimum of R30 and existing insulation shall not be higher than R19.

Heat Pump Water Heaters - the replacement unit(s) shall be Energy Star qualified and have a minimum Energy Factor of 2.0.

High Efficiency Room AC - the unit(s) shall be Energy Star qualified.

Smart Thermostat –Wi-Fi enabled, programmed and installed at time of installation.

Quality Installation - HVAC installation checklist to achieve 90% net capacity of the system as rated by AHRI (Air Conditioning Heating and Refrigeration Institute).

Quality Installation - HVAC installation checklist to achieve 90% net capacity of the system as rated by AHRI (Air Conditioning Heating and Refrigeration Institute).

High Efficiency Variable Speed Pool Pumps – the unit(s) shall be Energy Star qualified

#### COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

#### GENERAL

Service rendered under this Program is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Supersedes Programs HEIP-3B

Effective for service rendered on and after April 16, 2016

NCUC Docket No. E-2, Sub 936

RESIDENTIAL SERVICE – HOME ENERGY IMPROVEMENT  
PROGRAM HEIP-~~3C5~~

PURPOSE

The purpose of this program is to offer customers a variety of energy conservation measures designed to increase energy efficiency in existing residential dwellings that can no longer be considered new construction. This Program will utilize a network of customer-selected contractors from a prequalified list provided by Company to install energy efficiency measures: (1) to encourage the installation of high efficiency central air conditioning (AC) and heat pump systems; (2) to encourage attic insulation and sealing; (3) to perform diagnostic maintenance on heat pumps or central AC units; (4) to encourage the installation of heat pump water heaters, ~~and~~ (5) to encourage high efficiency room ~~air conditioning~~ AC; (6) to encourage the installation of a smart thermostat and/or Quality Installation of qualifying high efficiency central AC and heat pump (HVAC) systems; and (7) to encourage the installation of high efficiency variable speed pool pumps.

AVAILABILITY

The program is available to customers whose premise is at least one year old, is served under a residential service schedule by Company, and is applicable to all electric service of the same available type supplied to Customer's premises at one point of delivery through one kilowatt-hour meter under the provisions of this Program.

Incentives are only applicable to measures installed by a prequalified contractor approved by Company; however, high efficiency room ~~air conditioners~~ AC(s) may be self-installed and do not require the use of a prequalified contractor.

INCENTIVE PAYMENTS

For installations on and after ~~January 31, 2012~~ April 16, 2016, Customer shall receive the following incentives for qualifying equipment or other measures:

~~0.1.~~ For air duct repair, 50% of the repair cost, not to exceed \$190 per unit per dwelling;

~~0.2.~~ For increasing attic insulation to a minimum of R30 and attic air sealing, 37.5 cents per square foot, not to exceed \$500 per dwelling;

3. For the installation of qualifying high efficiency central AC, heat pumps, and geothermal heat pumps, ~~\$300~~ the tiered incentive amounts are as follows:

		<u>Incentive</u>
<u>Tier 1</u>	<u>AC or heat pump with SEER of 14 or greater but less than 15. The HVAC system must meet the Quality Installation Standard of 90%</u>	<u>\$ 250.00</u>
<u>Tier 2</u>	<u>AC or heat pump with SEER of 15 or greater but less than 17</u>	<u>\$ 300.00</u>
	<u>Quality Installation Standard (Optional for Tier 2)</u>	<u>\$ 75.00</u>
<u>Tier 3</u>	<u>AC or heat pump with SEER of 17 or greater or Geothermal heat pump with ECM and EER of 19 or greater.</u>	<u>\$ 400.00</u>
	<u>Quality Installation Standard (Optional for Tier 3)</u>	<u>\$ 75.00</u>

~~0.4.~~ For Wi-Fi enabled Smart Thermostat installed and programmed at time of qualifying HVAC system installation, \$125 per unit.

5. For Quality Installation provided at time of the qualifying HVAC system installation, \$75 per measure for Tier 2 and Tier 3.

~~0.6.~~ For HVAC audit, consisting of condenser coil cleaning plus correcting refrigerant charge and adjusting air flow using Company approved diagnostic tool, \$100. Customer shall be eligible for an HVAC audit incentive only once for the HVAC equipment life.

~~0.7.~~ For the installation of heat pump water heater(s), \$350 per dwelling.

~~0.8.~~ For high efficiency room ~~air conditioner~~ AC(s), \$25 per unit with a maximum of 4 units per customer account subject to an incentive.

~~Incentive Payments for qualifying window replacements, HVAC tune-up level 1 and duct testing under Program HEIP-1 shall continue to be available for installations completed on or before March 31, 2012.<sup>4</sup>~~

9. For the installation of high efficiency variable speed pool pump(s) in owner-occupied single-family residences, \$300.

#### RESPONSIBILITY OF PARTIES

A dwelling is eligible to receive an incentive for each central ~~air conditioner~~ AC or heat pump, and heat pump water heater installed based on the efficiency level. The work performed for all measures must be completed by a Company prequalified contractor who has met the program training requirements and guidelines as set forth by the Program; however, high efficiency room ~~air conditioners~~ ACs may be self-installed and do not require the use of a prequalified contractor.

#### CONTRACT TERM

Customer shall submit the required incentive application form, including required documentation such as equipment cut sheets and the original contractor invoice as provided by the contractor based upon program requirements, within ninety (90) days of completion of the work. Incentive application forms received after that date will not be eligible to receive an incentive payment.

All energy conservation measures shall be subject to inspection by Company for the purposes of program evaluation, measurement, and verification.

#### OTHER CONDITIONS

The following equipment specifications shall be met in order to be eligible to receive an incentive:

High Efficiency Heat Pump Replacements - the replacement unit(s) shall be a minimum SEER (Seasonal Energy Efficiency Ratio) of ~~15-~~ 14 with ECM.

High Efficiency Central AC Replacements - the replacement unit(s) shall be a minimum SEER of ~~15-~~ 14 with ECM.

<sup>4</sup> ~~The incentive payments applicable to installations completed on or before March 1, 2012, as stated in Program HEIP-1: (1) for energy efficient windows shall be \$30 per window, not to exceed \$450 per dwelling; (2) for HVAC tune-up level 1, consisting of condenser coil cleaning, shall be \$45; and (3) for air duct testing shall be 50% of the cost of the test, not to exceed \$60 for first unit tested or \$90 for two or more units per dwelling.~~

Geothermal Heat Pumps - shall be a minimum EER (Energy Efficiency Ratio) of 19-- with ECM.

Attic Insulation - shall require air leak sealing, bring the insulation up to a minimum of R30 and existing insulation shall not be higher than R19.

Heat Pump Water Heaters – the replacement unit(s) shall be Energy Star qualified and have a minimum Energy Factor of 2.0.

High Efficiency Room ~~Air Conditioning~~ AC – the unit(s) shall be Energy Star qualified.

Smart Thermostat –Wi-Fi enabled, programmed and installed at time of installation.

Quality Installation - HVAC installation checklist to achieve 90% net capacity of the system as rated by AHRI (Air Conditioning Heating and Refrigeration Institute).

Quality Installation - HVAC installation checklist to achieve 90% net capacity of the system as rated by AHRI (Air Conditioning Heating and Refrigeration Institute).

High Efficiency Variable Speed Pool Pumps – the unit(s) shall be Energy Star qualified

#### COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

#### GENERAL

Service rendered under this Program is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Supersedes Programs HEIP-3B

Effective for service rendered on and after ~~August 1, 2015~~ April 16, 2016

NCUC Docket No. E-2, Sub ~~1076936~~