

May 2, 2002

Utah Public Service Commission
Heber M. Wells Building, 4th floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie Orchard, Commission Secretary

RE: Docket No. 01-035-01

I am writing to comment on the report submitted by PacifiCorp on April 1, 2002 regarding demand-side management (DSM) programs for Utah. In that report, PacifiCorp refers to and comments on letters that I sent to the company on Dec. 17, 2001 and Feb. 28, 2002 outlining potential additional DSM programs for the Energy Efficiency Advisory Group to consider. Copies of my letters are attached. Since it filed its April 1 report, PacifiCorp has reached a letter agreement with the Utah Energy Office and Land and Water Fund of the Rockies to bring an additional six DSM programs before the Energy Efficiency Advisory Group by the end of this summer. Hopefully, this agreement will help ensure further progress on improving energy efficiency DSM in Utah over the coming year. Nonetheless, I would like to respond to PacifiCorp's assessment of my recommendations in its April 1, 2002 Report.

On page 5 of its April 1 report, PacifiCorp comments on my recommendations stating "Mr. Geller's letter also addresses market transformation programs." ... Mr. Geller suggests several programs that are potential candidates for this approach, including Residential AC Tun-ups and Duct Sealing, Energy Star Appliances, Solar and Heat Pump Water Heaters and Commercial building retro-commissioning." PacifiCorp goes on to describe the Northwest Energy Efficiency Alliance which carries out market transformation programs in the Northwest (which PacifiCorp participates in), and says "the company would be willing to evaluate our participation in a similar regional effort" (meaning presumably in Utah and nearby states).

While the programs I recommend might help to "transform markets", they are programs that can and should be implemented at the state or local level. They do not require implementation on a multi-state, regional level although regional coordination could be helpful in some cases. Let me give some examples.

The first recommendation in my Dec. 17 letter was for a program involving rebates for high efficiency air conditioners and heat pumps, along with training of contractors in proper air conditioner sizing and installation. Many individual utilities provide rebates for high efficiency air conditioners (e.g., Xcel Energy is doing this in its Colorado service area). There is no need to implement this type of program on a multi-state, regional level. Likewise, training of contractors

is a local activity as these contractors generally work in a metropolitan area or perhaps multi-county area. My second recommendation was for a residential air conditioning tune-up and duct sealing program. Again this would be done with local contractors or by hiring an outside contractor(s) who would work on this locally in Utah. In my Feb. 28 letter, I suggested some specific contractors who could do this. Commercial building retro-commissioning is of the same nature. Contractor(s) would implement the program including doing marketing, commissioning work, monitoring and evaluation at the local or multi-county level. It would not need to be a regional effort. The same is true for old refrigerator recycling. Promotion of Energy Star appliances is something that many states and utilities are doing using the national Energy Star program as the foundation, but the promotion itself is done locally working with local retailers, conducting local advertising, etc.

In short, PacifiCorp does not need to wait until a regional market transformation organization is formed (if it ever is formed) to pursue these important energy efficiency resources in Utah. All of these options should be considered by the Energy Efficiency Advisory Group and implemented promptly if found to be cost effective.

PacifiCorp also states in its April 1 report that “The company’s existing energy efficiency programs provide incentives and have the potential to capture substantially all of the cost effective energy efficiency that is traditionally addressed by utility programs and the Tellus report. The Company’s current programs encompass all of the recommended measures with either a prescriptive incentive or a custom approach except for residential evaporative cooling (swamp coolers), residential appliance recycling and a portion of the commercial/industrial combined heat and power (distributed generation).”

I do not believe that this is an accurate set of statements. While it is true that PacifiCorp is implementing comprehensive energy efficiency programs for the commercial/industrial sector apart from promoting combined heat and power, PacifiCorp has a very limited energy efficiency program offering for its residential customers. The only activity is free distribution of compact fluorescent lights to households that request them. PacifiCorp could be doing much more to support more efficient cooling, appliances, water heating, etc. in the residential sector, and I have provided them with recommendations for programs that have proven to save energy cost effectively in the residential sector elsewhere. It is very likely in my view that many of these additional programs would be cost effective in Utah as well.

Unfortunately PacifiCorp did not thoroughly analyze these options between October 29, 2001 and April 1, 2002. But I am pleased that the Company has agreed to investigate the economic feasibility of additional energy efficiency and load management programs over the next few months with the Energy Efficiency Advisory Group. I am hopeful that this exercise will identify additional cost-effective DSM programs for customers in Utah.

Utah Public Service Commission
Page Three

Sincerely,

Howard Geller
Director

Attachments

cc: Service List