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Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: June 5, 2014

Re: **RMP Advice No. 14-03, Proposed changes to Schedule 140 – Non-Residential Energy Efficiency**

Docket No. 14-035-T03

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (RMP or Company) proposed changes to the Non-Residential Energy Efficiency Program.

ISSUE

On May 7, 2014, the Company filed modified tariff pages to Utah Tariff Schedule 140 Non-Residential Energy Efficiency Program. On May 7, 2014, the Commission issued an Action Request for the Division to investigate the proposed changes to Schedule 140 and report its findings and recommendation to the Commission by May 22, 2014. On May 15, 2014 the Company filed a Revision to this filing incorporating additional cost effectiveness reports and how the program changes contribute to the current IRP target. On May 16, 2014, the Company made a request to the Commission to move the effective date to July 1, 2014 in order to align the program changes with the adoption of the new State of Utah Energy Code. In order to review the additional information supplied by the Company in its May 15 revision the Division made a request to the Commission to extend the due date of the Action Request to June 5, 2014. On May 21, 2014 the Commission granted the Division's requested extension. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Non-Residential Energy Efficiency Program, as defined in the Company's Electric Service Schedule No. 140, was intended to maximize the efficient utilization of electricity for new and existing non-residential loads through the installation of energy efficiency measures and energy management protocols. The incentives are offered to new and existing non-residential facilities along with dairy barns served on the Company's residential rate schedules.

The Company proposes modifying the tariff to include changes to codes, standards, third party specifications and new market data and to increase the comprehensiveness of the program. The Company's Attachment B provides details on the proposed changes to the existing program.

The filing also includes an enhance incentive for small business customers. The small business offer is designed to help small/medium business customers by making them aware of the energy-efficiency opportunities and benefits available, provide small business customers with contractor resources, and enable small business customers to assign the incentive to the contractor thus providing minimal out of pocket cost to the customer.

The proposed changes appear to be focused on maintaining program relevancy and overall comprehensiveness. Hence, the results appear to be consistent with the objective of reducing electricity usage and subsequent load in peak demand periods. These modifications appear to be reasonable and consistent with DSM objectives.

The Division investigated the proposed program changes by reviewing the estimated costs and expected savings. The Division also evaluated the underlying assumptions and calculations of the cost benefit analysis performed by Cadmus.

The cost effectiveness analysis for the program was calculated using Cadmus' DSM Portfolio Pro model. The cost effectiveness analysis began with a business-as-usual case set to align with the Utah 2014 savings forecast provided on November 1, 2013. Once the business-as-usual performance was assessed, ten measures from the program were modeled at the measure level using the same load shape and avoided costs. The measures used include:

- Food Service
- HVAC
- Adaptive Refrigeration control
- Compressed Air
- End Use Compressed air reduction
- Fast Action Door
- Irrigation
- Oil & gas pump off controller
- Waste water mixing
- Small business offer

The overall program remains cost effective even with the proposed incentive modifications. The results show that, although some of the individual measures did not pass all tests at the measure level, the program passed the Total Resource Cost (TRC) Test (1.63), the Utility Cost Test (2.95) and the Participant Cost Test (1.79), but did not pass the Rate Impact (RIM) Test (0.76).

The Division as part of the DSM Steering Committee will continue to monitor the cost effectiveness of the measures within the program to determine if the individual measures should be modified or possibly cancelled.

The 2013 IRP Update filed by the Company on March 31, 2014 (2013 IRP Update) was the basis for modeling the programs contribution to the IRP target. The DSM program business as usual first year savings as contained in the 2013 IRP Update will contribute approximately 106 thousand MWh (at gen) to the overall IRP goal. The measure additions and changes as outlined in this filing are estimated to contribute an additional 1,833 MWh (at gen) to the IRP goal.

The Company provided an overview of the changes to the DSM Advisory Group on December 10, 2013. On March 31, 2014, a draft filing was provided to the DSM Advisory Group. A follow-up call was made on April 10, 2014 to review comments from the DSM Advisory Group. The Division participated in the draft review and provided comments on the draft.

CONCLUSION

The Division concludes that the proposed program is cost-effective and is consistent with the Commission's goals to promote cost-effective DSM programs. Therefore, the Division recommends that the Commission approve the Company's proposed modifications to Electric Service Schedule 140.

CC Kathryn Hymas, Rocky Mountain Power
Dave Taylor, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List