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State of Utah

Department of Commerce Division of Public Utilities

FRANCINE GIANI CHRIS PARKER
Executive Director Director, Division of Public Utilities

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant

Date: April 8, 2019

Re: **RMP Advice No. 19-06, Proposed changes to Schedule No. 114 – Cool Keeper Program, Docket No. 19-035-T05**

Recommendation (Approval)

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 Cool Keeper Program.

Issue

On March 22, 2019, the Company filed modified tariff pages to Utah Tariff Schedule No. 114 Cool Keeper Program proposing changes to the program. On March 22, 2019, the Commission issued an Action Request to the Division to investigate the proposed changes to the schedule and report its findings and recommendation to the Commission by April 8, 2019. Subsequently the Commission issued a Notice of Filing and Comment Period for interested parties to provide comments on or before April 8, 2019 with reply comments due by April 15, 2019. This memorandum represents the Division's response to the Commission's Action Request and Notice of Filing and Comment Period.

Discussion

In order to incorporate other demand response offerings within this tariff the Company is proposing a structure or name change to Schedule No. 114 from the current name of Air Conditioner Peak Management Program or Cool Keeper to Load Management Program. The Cool Keeper incentive will remain the only offering in the program but the Company anticipates additional demand response offerings will be proposed at a later date. The Division believes this change is reasonable given changing technology and demand response advancements.

Due to PacifiCorp's changing generation profile and system load, the Company is proposing to modify the availability of the Cool Keeper program by expanding the dispatch period and dispatch time. It is proposed that the dispatch period expand from the current period of June 1st through August 31st to May 1st through September 31st. The filing also includes moving the dispatch hour from the current 8:00pm to 9:00pm. In addition to the expanded dispatch period, additional language will be added to clarify and define when emergency events may be used to satisfy requirements of the North American Electric Reliability Corporation (NERC) standard for Contingency Reserve Obligations. Emergency event use is not new to the program but the Division would like to be able to monitor the Company's use of the program to meet NERC Contingency Reserve Obligations. Therefore, the Division requests additional information be provided in the DSM Annual report filed in May of each year detailing the number of events called, the duration of the event, and the date of each event initiated to satisfy the NERC standard for Contingency Reserve Obligations.

The Company is proposing to change the incentive structure of the Cool Keeper program to facilitate adoption of future demand response programs. The incentive proposed will be set with a maximum "up-to" incentive with two parameter levels. The parameter levels and offered incentive will be maintained on the Company's Load Management web page. The parameter levels will be reviewed and updated based on equipment standards.

Currently, participants in the Cool Keeper program receive a one-time bill credit at the end of the cooling season in November of each year. The Company is proposing to divide the credit into a monthly credit received during the cooling season months. The Company's intent is that Cool

Keeper participants would see timely benefits of participating in the program. The Division believes there are benefits to timely recognition but this may cause customer confusion based on Rocky Mountain Power's 21 billing cycles. Because of these differing customer billing cycles, the first and last Cool Keeper bill credit will not be a full \$6 credit but will be based on the number of days a customer's bill falls within the first or last month of the Cool Keeper dispatch period. Generally, participating customers will receive approximately \$0.20 per day. The Company has indicated that, once approved by the Commission, the proposed changes will be updated on its web page at www.rockymountainpower.net. Also, the Company will provide current Cool Keeper participants notice of the above changes. The program changes will be actively marketed to all customers in 2020. There is a good possibility that even with the above notification, some Cool Keeper participants will not understand the changes. The Division recommends the Company track the customer complaints associated with the Cool Keeper bill credit change and report these to the Steering Committee in its 4th quarter meeting.

The Company is modifying the tariff to include Schedule No. 2E approved by the Commission in Docket No. 16-035-36.

Cost-Effectiveness analysis for expected participation provided with the filing on the proposed changes shows the Utility Cost Test passes at 1.00 or better. The Company also included sensitivity analysis of a 10% increased and 10% decreased participation. The analysis provided shows Program incentives remain cost-effective in all sensitivities analyzed throughout the 2019 period.

On March 8, 2019, a draft filing of the proposed changes to Schedule No. 114 was provided to the DSM Steering Committee. The Company provided answers to questions submitted by the Division in the review of the filing.

Conclusion

The Division recommends the Commission require the Company provide in the DSM Annual report the number of events called, the duration of the event, and the date of each event initiated to satisfy the NERC standard for Contingency Reserve Obligations. The Division also requests a follow-up report provided to the DSM Steering Committee of the customer complaints initiated by the Cool Keeper bill credit change.

The Division concludes that the proposed changes are cost-effective and consistent with the Commission's goals to promote cost-effective DSM programs that are just and reasonable and in the public interest. The Division recommends that the Commission approve the Company's modifications to Electric Service Schedule No. 114.

Cc: Michael Snow, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List