



State of Utah

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

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Paul Hicken, Utility Technical Consultant

Date: September 18, 2020

Re: **Docket No. 20-035-T07 Approval of Tariff Sheet Changes**, Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 114, Load Management Program.

Recommendation (Approval)

The Division of Public Utilities ("Division") recommends the Public Service Commission ("Commission") approve Rocky Mountain Power's ("RMP" or "Company") proposed revisions to Schedule 114, effective October 3, 2020.

Issue

On September 3, 2020, RMP filed Advice No. 20-08 with the Commission proposing revisions to Electric Service Schedule No. 114, Load Management Program ("Program"), to propose a new Demand Side Management ("DSM") Battery Demand Response Program ("Wattsmart Batteries") to be administered through Electric Service Schedule No. 114. RMP requests an effective date of October 3, 2020. On September 3, 2020, the Commission issued an action request to the Division requesting it to investigate RMP's filing and make recommendations. The Commission asked the Division to report back by September 18, 2020. On September 4, the Commission issued its Notice of Filing and Comment Period. Any party may submit comments on or before September 18, 2020 and reply comments on or before September 25, 2020. This

memorandum represents the Division's response to the Commission's request to investigate RMP's filing.

Background

The Wattsmart Batteries Program will promote and incentivize the installation of individual batteries for system-wide integration and use for overall grid management. According to the Company's 2019 Integrated Resource Plan, nearly 600 MW of battery storage capacity is called for by 2024, and establishing the Wattsmart Batteries Program now will help to contribute to that goal and ensure that installation of battery equipment behind the meter by customers is being integrated safely along with the Company's systems to provide benefits for both the customer and the grid. By leveraging the batteries from the Wattsmart Batteries Program, the Company hopes to create opportunities for 1) Utility Grid Management, 2) Load Shaping, 3) Utility Integration of Behind-the-Meter Batteries, and 4) Utilization of the Distributed Battery Grid Management Solution (DBGMS).

Discussion

The Program will be available to all retail customers with service under the Company's Schedule 193 – DSM Cost Adjustment. Customers may participate by installing eligible battery equipment and allowing the Company to utilize the battery for grid management. A minimum commitment term of 4 years will be required for the customer to receive an incentive. The customers will receive an enrollment incentive of \$150/kW x Annual Commitment Term. So if the customer enrolls a 6 kW battery with a 4 year commitment, the incentive would be \$3,600 (6kW x 150 x 4). There will also be an annual participation incentive during the commitment term of up to \$15/kW x battery size (\$15 x 6kW = \$90). After the commitment term the annual incentive would be up to \$50/kW x battery size (\$50 x 6kW = \$300).

The Company estimates that for the first year of the Program there will be about 50 customers with an estimated battery storage of 400 kW cumulative capacity. Most of the cost initially will be from enrollment incentives. As the Program develops more batteries will be enrolled and the cumulative battery storage capacity will increase. The Company estimates that by 2029 there will be 12,600 participants with over 100,800 kW of storage capacity.

Aside from leveraging the costs of batteries with customer participation, the Company hopes to benefit in each of the following areas.

- **Utility Grid Management.** The Program will enable the Company to utilize qualified batteries for grid management 24 hours per day 365 days per year. The batteries may be used for traditional demand response, frequency reserve, contingency reserve, regulation reserves, regional grid management, backup power and other ancillary benefits in addition to reducing peak loads on the electric system.
- **Load Shaping.** The Company will help customers coordinate and optimize utilization during peak and off-peak hours.
- **Utility Integration of Behind-the-Meters Batteries.** The Company will provide guidance and regulation for safety and optimal operation to this new industry of battery storage.
- **Utilization of the Distributed Battery Grid Management Solution.** This Program will integrate with the Company's Soleil battery project and provide a platform for the Company's Energy Management System (EMS). Battery manufacturers whose product qualifies and meets the requirements will benefit from participation.

The Company will have the right to dispatch the Wattsmart Batteries system based on the following criteria:

- Daily load cycling for peak management.
- Utilized for traditional demand response, frequency reserve, contingency reserve, regulation reserves, regional grid management, backup power and other ancillary needs.
- Dispatch Days: Monday through Sunday, including holidays, year-round.
- Dispatch Duration: Dispatches may be held multiple times per day up to two full duty cycles of the battery.

Events may be called as necessary without advanced notice. When an event is called under the Wattsmart Batteries system, it will not drain the batteries below 10 percent capacity to ensure customers retain a minimum level for emergency backup. Events will be managed to minimize

the use of the battery system during or prior to a planned system outage. If a local outage occurs, the battery will be used as backup power for the customer.

The Company's advice letter for this matter, complies with Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule.

Conclusion

As with all new programs, some of the details are not fully worked out and will become more refined and definitive with time and progress. The Wattsmart Batteries Program appears to have significant benefits for both the Company and the customers. The Division recommends there be continuous program oversight and a minimum of semi-annual reporting for performance and cost-effectiveness to coincide with the reporting of other DSM programs. The Division concludes that RMP's filing is reasonable and the Wattsmart Batteries Program can be an important component of Schedule No. 114, Load Management Program. The Division recommends that the Commission approve RMP's filing with an effective date of October 3, 2020.

Cc: Michael Snow, RMP
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