



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah

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Subject: Comments of the Committee of Consumer Services on PacifiCorp's Report on DSM Resources – Docket No. 01-035-01

1 Background

The Public Service Commission's (Commission) order on Reconsideration of Demand Side Management (DSM) Issues in Docket No. 01-035-01, issued on 29 October 2001, required PacifiCorp (Company) to reconvene interim Integrated Resource Planning (IRP) meetings to determine the best way to investigate the cost effectiveness of the Tellus Demand Side Management (DSM) programs as well as supply-side options. The Company was directed to invite the members of the Energy Efficiency Task Force to participate in these meetings and to attempt to gain consensus on which programs should be studied for possible implementation in Summer 2002, as well as a plan on how the resources are best evaluated. Based on input from the IRP and energy efficiency advisory groups, the Company was ordered to develop an implementation plan for its most promising resources to help meet the Summer peak of 2002 and report to the Commission by 1 April 2002.

Over the period 26 December through 26 March, PacifiCorp held meetings with the IRP and energy efficiency advisory groups. On 1 April 2002, PacifiCorp filed its DSM report. On 23 April 2002, the Commission issued a request for comments on the Company's DSM implementation plan. The Committee submits the following response to that request.

2 Discussion

PacifiCorp has testified that it will be resource deficit in the Summer of 2002 and beyond and has indicated that the super peak period in Utah is of particular concern.

In order to address this resource problem, the Commission, in July of 2001, approved enhancements to the existing energy efficiency programs offered by the Company. In addition, PacifiCorp will institute the inverted block rate schedule for residential customers (stipulated in Docket No. 01-035-01) and two pilot programs: 1) an air-conditioning load reduction program for residential and small commercial customers; and 2) a reduction in the participation threshold for the Energy Exchange program. Several demand reduction programs that were utilized last summer can also be pursued if necessary. No other DSM programs are planned or being discussed for implementation this summer.

2.1 Air-Conditioning Load Reduction Program

The air-conditioning load reduction program has the potential to be an effective resource for reducing summer peak. While we understand that testing and implementing a program such as this takes time, it is regrettable that the Company did not begin the process earlier. Installation is scheduled to begin in October and be on-going. No indication is given of an end date for the pilot or a start date for the actual program if the pilot proves to be effective. The pilot should be properly run through a summer period, which means that optimistically the program could be in effect for the summer of 2004.

2.2 Energy Exchange Program

The Company is reviewing the Energy Exchange Program to ascertain the viability of offering the program to customers with a load less than 1 MW. By 1 June 2002 PacifiCorp expects to report on the proposed lower threshold; the cost of implementation; the number of eligible customers; the potential KW impact and an implementation timeline. There is no mention of how long implementation may take. But if the program proves viable, it should be started as soon as practical as a measure to address summer peak demand.

2.3 Combined Heat and Power

While noting that it has less experience with demand reduction programs and enhanced combined heat and power (CHP) programs, the Company acknowledges that their purpose is to reduce energy use on peak and thereby reduce system cost. This is precisely the type of reduction the Commission requested and one that could prove beneficial to Utah ratepayers. The Tellus Report showed CHP to have a high potential of effectiveness and it should, therefore, be given priority in the review process.

2.4 Inverted Block Rate Structure

In Docket No. 01-035-01, the Commission approved a Stipulation on Rate Design Issues which instituted an inverted block rate structure for residential customers beginning in May 2002 and continuing through September 2002. The first 400 kWh will be at 6.3029 cents per kWh and 7.0866 cents per kWh for all additional kWh. The Company's report indicates that this new rate format will be communicated to customers through bill inserts appearing in customer billings in May. Information will also be available on PacifiCorp's website and a press release was issued 1 May. Experience with the 20/20, 10/10 Customer Challenge has shown the importance of accurate, timely communication with customers. Since the rates take effect in May, it is likely that some customers could be several weeks into the new rate schedule before receiving the bill insert. Earlier notification would have given customers a chance to modify their electricity usage as soon as the new rates take effect.

3 Conclusion

The Committee is supportive of cost effective DSM programs. These programs can foster energy conservation, reduce energy peak, and provide hedging against volatile market prices. The best way to determine the cost effectiveness of these programs is through a rigorous IRP process. However, because the Company has been remiss in its past IRP efforts important DSM opportunities may have been missed that could have reduced Summer 2002 peak demand.

There are positive signs that DSM will be given appropriate consideration in the Company's future resource planning. We find it encouraging that PacifiCorp intends to hire a Director of Demand-Side Management as part of the Resource Planning Group. Senior management has indicated that DSM will be given a prominent place in the IRP process. The DSM report commits to modeling load control and distributed generation with traditional energy efficiency initiatives as part of the IRP. The Company's movement to implement a pilot air-conditioning program; acceptance of offers for information on both a swamp cooler program and a refrigerator turn in program; and re-evaluation of the size qualifications for the Energy Exchange program are steps in the right direction. We anticipate that Company actions will be in line with these commitments.

Finally, the Company is to be commended for pursuing programs that provide an opportunity for participation by all classes of customers. Providing additional opportunities by increasing the types of cost-effective programs offered and expanding existing programs should be undertaken as soon as practicable. With the effort that is currently being expended on the IRP process, developing new standards and guidelines, and PacifiCorp's commitment to expanding DSM programs, the Committee expects that future opportunities will not be overlooked.