

ROCKY MOUNTAIN POWER COMPANY

DSM OPT-OUT PROPOSAL

Utah Industrial Energy Consumers
(UIEC)

November 3, 2009



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What is Opt-Out?

- Opt-Out recognizes efforts of industrial customers to be efficient without imposing a cost on the utility or on other customers
- Tariff specifies who is eligible
- Tariff contains conditions



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Industrial Customers' Perspective on DSM

- Operate in competitive markets
- Product prices set in the market
- Profit = Sales Price – Cost
- Must be efficient in order to reduce costs
- Energy is a large cost component and must be managed
- Cost-effective energy efficiency actions reduce costs and improve competitive position
- Industrial customers historically have pursued improved efficiencies, and continue to do so



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Why Allow Opt-Out?

- Industrial customers are highly motivated to pursue increased efficiencies. They historically have done so and will continue to do so.
- Industrial customers can more effectively identify and implement DSM on their own - - utility help not needed
- 100% of funds go to improve efficiency when industry does directly (versus only 50%-70% when utility manages)



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Opt-Out Eligibility:

- Eligible customer is same as defined in current Schedule 192 (peak load of at least 1,000 kW or annual energy use of 5,000,000 kWh or more)
- Customer has or will implement DSM at Utah facilities at its own cost without utility incentives (or has repaid incentives received during the previous 1 year with interest)
- DSM measures satisfy Utah Code Section 54-17-601(10)(e)
- Customer outlines its energy efficiency activities to utility
- A customer who has opted out may later elect to opt-in, but must stay in the utility program for a minimum of 1 year



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Examples of Activities by Utah Industrial Customers

Installations:

- Higher efficiency lighting, motors and pumps
- “Reduced demand” motor starters
- Variable speed motors
- Photo-voltaic systems
- Combined heat and power systems
- Installed smart metering on all major energy-using processes so they can be monitored and controlled
- Large customer reports reduction of annual energy usage by 2.9% and peak demand by 4.1%
- Another customer reports 5% annual energy savings from recent projects



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Examples of Activities by Utah Industrial Customers

Process:

- Usage by all facilities and processes are benchmarked against each other and against best practices
- Efficiency goals are established as a result of analysis by internal and external energy and process experts



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Examples of Opt-Out's in Other States

Missouri

A customer may opt-out if it meets one or more of the following criteria:

- One or more accounts with a demand of 5,000 kW or higher
- Operates an interstate pipeline pumping station
- Has accounts that have an aggregate demand of 2,500 kW or more, and the customer has a comprehensive demand-side or energy efficiency program and can demonstrate an achievement of savings at least equal to those expected from utility-provided programs.

Missouri Revised Statutes, Section 393.1124.7



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Examples of Opt-Out's in Other States

Oklahoma

Opt-out available to customers taking service above 50,000 volts from a direct tap to the transmission system, or customers taking service between 2,000 volts and 50,000 volts for services rendered through a company substation with a transmission voltage source are permitted to opt-out of participation in utility demand-side resource programs.

Example: Oklahoma Gas & Electric Company, First Revised Sheet No. 51.72-73 and 18.00-18-01



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Examples of Opt-Out's in Other States

North Carolina

Any industrial or large commercial customer that notifies its electric power supplier that it has implemented or, in accordance with stated, quantifiable goals, will implement alternative demand-side management or energy efficiency measures may elect not to participate in any new demand-side management and energy efficiency measures.

North Carolina Public Utilities Commission Rule R8-69



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Examples of Opt-Out's in Other States

Kentucky

Individual industrial customers with energy intensive processes are allowed to implement cost-effective energy efficiency measures on their own, in lieu of measures approved as part of a utility's demand-side management program, if the alternative measures are not subsidized by other customer classes.

Kentucky PSC Rule 278.285



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Examples of Opt-Out's in Other States

Indiana

Customers with aggregated maximum annual peak demand greater than 5,000 kW may opt-out of energy efficiency programs if the customer self-certifies that within the last three years it has performed or had performed an energy audit or analysis, or within the next six months will perform an energy audit or analysis and has implemented or has plans for implementing energy efficiency measures.

January 30, 2009 Opt-Out Settlement pertaining to Duke Energy Indiana, IURC Cause No. 43374, approval pending.



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Examples of Opt-Out's in Other States Texas

Industrial customers in Texas are not included in utility DSM programs.

Texas PUC Rule 25.181