

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for A Deferred Accounting Order to Defer the Costs of an Energy Storage Demonstration Project and Recovery of those Costs Through the Demand-Side Management Surcharge (Schedule 193).

Docket No. 11-035-140

Comments of Utah Clean Energy

On July 14, 2011 Rocky Mountain Power (Company) filed with the Public Service Commission of Utah (Commission) an application requesting a deferred accounting order (Application) to defer the costs of an Energy Storage Demonstration and to recover those costs through the Demand-Side Management Surcharge (Schedule 193). On July 18, 2011 the Commission issued an action request to the Division of Public Utilities (Division) with a response date of August 17, 2011. On August 17, the Division and the Office of Consumer Services (Office) filed Comments.

Prior to these docket filings, in Utah Clean Energy's comments on Docket 07-035-T14 (Solar Incentive Pilot Program) submitted November 30, 2010, we filed comments regarding the Company's Energy Storage Demonstration proposal. In our comments, Utah Clean Energy expressed support for the energy storage development project and recommended that the Commission support funding and cost recovery for this project. We noted that the energy storage project was outside the scope of the solar incentive pilot program and suggested that tariff should be funded through other means. We were recently made aware of Docket 11-035-

140 and the Company's application for a deferred accounting order to defer and recover costs for an Energy Storage Demonstration Project through the Demand-Side Management (DSM) surcharge. We respectfully submit these comments to support deferred accounting and cost recovery for an electromechanical battery storage project through the DSM surcharge or other appropriate mechanism.

In its August 17 comments, the Division recommended that the Commission approve the Company's application for a deferred accounting order to defer and recover costs for an Energy Storage Demonstration Project through the Demand-Side Management (DSM) surcharge. The Office recommended that the Commission approve a deferred account, deny cost recovery through the DSM surcharge, and require the Company to propose cost recovery through another mechanism.

One of the Office's reasons for recommending denial of cost recovery through the DSM surcharge is their concern that Schedule 193 may become a "catch-all" for items that do not naturally fit in other cost recovery strategies. Utah Clean Energy recognizes the need to be judicious in determining which resources and/or programs are an appropriate fit for the DSM surcharge, so as not to dilute or distort the intended purpose of the surcharge. However, we aver that the energy storage project fits within the current definition of "demand side management" according to Utah Code Ann. § 54-7-12.8(1):

As used in this section, "demand side management" means activities or programs that promote electric energy efficiency or conservation or *more efficient management of electric energy loads*. (Emphasis added.)

Efficient management of energy loads is an important component of demand-side management resources because it can reduce the real-time need for generating resources during hours of peak demand. Battery storage, in particular, acts like a demand reduction program on a

grand scale. The energy storage project, as described in a November 4, 2010 technical conference, has the potential to increase the efficiency of the Company's load management. Specifically, it has potential to mitigate impacts of peak demand and operate in a manner that is similar to the Company's Cool Keeper demand response program. Additionally, more efficient load management can afford alternatives to transmission system expansion and contribute to system-wide improvement of grid reliability.

Because this battery project functions like a large demand reduction program, Utah Clean Energy supports cost recovery in the DSM surcharge. Notwithstanding this, Utah Clean Energy is not opposed to the Company proposing, and parties exploring, other funding mechanisms for this storage project, provided that the Company is granted deferred accounting for the project such that the project itself need not be deferred.

Respectfully submitted this 10th day of October, 2011.

/s/ _____
Utah Clean Energy

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent by email this 10th day of October, 2011, to the following:

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