

Attachment A
Southwest Energy Efficiency Project (SWEEP) Comments on the Home Energy Report
Advice Letter

1. It is helpful to know the number of customers that would need to be included in the subset with average electricity use in order to provide a statistically valid indication of average energy savings for this subset, if the subset were to be included in the pilot program. 10,750 customers in this subset would represent 11.3% of the total population proposed for the pilot program, meaning approximately 90% of customers in the pilot would still be customers with high to very high energy use.
2. The analysis that RMP performed of serving an additional 10,750 customers, as described starting at the bottom of page 5 of the Advice Letter, is not consistent with the proposal that SWEEP made for including a modest number of average consumption customers within the pilot program. SWEEP did not propose adding an additional segment (the 10,750 customers) to the 95,000 customers proposed by RMP for the pilot program. What SWEEP (and others) proposed was including the 10,750 customers within the total of 95,000 customers proposed for the pilot program. In doing so RMP would evaluate and gain an understanding of the cost effectiveness of a broader overall pilot program, as well as evaluate and gain an understanding of the cost effectiveness of providing HERs to groups of customers at different levels of electricity use.
3. Including the 10,750 customers with closer to average electricity use in the pilot should have a minimal adverse impact on the cost effectiveness of the overall pilot program. Assuming that these customers have average electricity use that is 35% less than the typical use of the other high usage customers included in the pilot, that these customers have the same % energy savings in response to HERs as high use customers (consistent with experience from HER reports programs elsewhere), and that these customers represent 11.3% of the total population in the pilot, the reduction in projected energy savings in the pilot as a result of including 10,750 customers at closer to average energy use would only be about 4% ($.113 \times 0.35$). Given that RMP has projected a relatively high benefit-cost ratio of about 2.0 under the UCT for the pilot program serving only very high use customers, a roughly 4% reduction in energy savings would not compromise the overall cost effectiveness of the pilot program.
4. There is considerable added value from including the closer to average consumption customers in the pilot program. A pilot serving only 95,000 very high usage customers means there would be relatively limited potential to expand the pilot program as there aren't that many more customers with consumption in the range of 12,300 – 26,400 kWh per year. However, a pilot program including the 9,000-12,300 kWh per year customer segment within the pilot opens up the possibility of serving many more households in the future, if the overall pilot program proves to be cost effective.
5. The cost effectiveness of DSM programs in general is evaluated in terms of the cost effectiveness of the entire program, not in terms of the cost effectiveness of serving every individual participant in the program. For example, some households receiving a rebate for purchasing a high efficiency air conditioner in the Cool Cash program do not use the air conditioner enough hours per year to be a cost effective participant. But these non-cost effective participants are offset by other participants with higher air conditioner usage, leading to an overall program that is cost effective. So even if a customer

consuming say 9,000 kWh per year does not save enough energy to be a cost effective participant in the HER program, it may still be desirable to include such customers in the program if a program serving households consuming 9,000 kWh per year and up is cost effective; i.e., the program will serve more households and will provide more energy savings, and would still be cost-effective, if designed in this manner. And we will only know whether or not a broader program serving customers with consumption of 9,000 kWh per year and up (but skewed to a disproportionate number of higher usage customers) is cost effective if we include the 9,000 -12,300 kWh per year household segment within the pilot program.

6. For these reasons, SWEEP recommends that the Utah Public Service Commission direct RMP to include 10,750 households with electricity use of 9,000 – 12,300 kWh per year, out of a total of 95,000 households, in the Home Energy Report pilot program proposed by RMP. SWEEP supports all of the other program design elements proposed by RMP.

Howard Geller
Executive Director
Southwest Energy Efficiency Project (SWEEP)