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## ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Lane Mecham, Utility Analyst

Date: January 2, 2018

Re: **In the Matter of the Request for a Home Energy Report Pilot Program**

Docket No. 12-035-77

### **Recommendation**

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) proposal to transition the Home Energy Report (HER) Pilot Program to a full-fledged program, subject to cost-effectiveness and ongoing monitoring of the program.

### **Background & Discussion**

On December 22, 2017, the Company submitted a request to transition the HER pilot program into a full-fledged program with an effective date of January 22, 2018. The program was

initially approved by the Commission as a pilot program in this docket on May 15, 2012.<sup>1</sup> The pilot was subsequently extended and expanded on September 12, 2014 based on the pilot program exceeding the savings forecast and continuing to be cost effective.<sup>2</sup>

The Division has supported the program in the past because of its cost effectiveness. We note however that the benefit/cost ratio, under the utility cost test (UCT), has declined significantly since 2013. The benefit/cost ratio peaked at 2.99 in 2013 and declined to 1.03 in 2016<sup>3</sup>, a decrease of 66%. We expect the energy savings will continue to flatten out and further reduce the benefits achieved through the program, putting the cost effectiveness of the program at risk.

To mitigate this risk, included in the current vendor contract is the obligation to maintain a cost effective kWh base. If the kWh savings drop to a predetermined level the vendor is obligated to increase the participating customer base. If the program participant base cannot be increased enough to make the HER program cost effective, the program will be evaluated for termination.

Any final agreement between the Company and the vendor selected to administer the full-fledged program should continue to contain this clause. This will help to ensure that incentives are aligned with the goal of being cost effective and protect ratepayers.

## Conclusion

The Division recommends that the Commission approve the HER program being transitioned from a pilot program to a full-fledged program, operating in substantially the same manner and subject to cost effectiveness. We also recommend, in order to manage the risk of the program becoming cost ineffective, that the contract for administering the program include a guaranteed performance clause.

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<sup>1</sup> <http://pscdocs.utah.gov/electric/12docs/1203577/225511%201203577o.pdf>

<sup>2</sup> <http://pscdocs.utah.gov/electric/12docs/1203577/260589%201203577o.pdf>

<sup>3</sup>

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2014/RMP\\_UT\\_Home\\_Energy\\_Reports\\_Evaluation\\_6-23-2014.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2014/RMP_UT_Home_Energy_Reports_Evaluation_6-23-2014.pdf)

[http://www.pacificorp.com/content/dam/pacificorp/doc/Energy\\_Sources/Demand\\_Side\\_Management/2016/Rocky\\_Mountain\\_Power\\_Utah\\_Evaluation\\_Report2016-09-21.pdf](http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2016/Rocky_Mountain_Power_Utah_Evaluation_Report2016-09-21.pdf)

<https://pscdocs.utah.gov/electric/17docs/1703532/294006RMPAnnDSM2016Rep5-15-2017.pdf>