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Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Carolyn Roll, Utility Analyst

Date: June 18, 2013

Re: **Rocky Mountain Power's Demand-Side Management 2012 Annual Energy Efficiency and Peak Load Reduction Report**

Docket No. 13-035-71

RECOMMENDATION (CONDITIONAL ACKNOWLEDGEMENT)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) conditionally acknowledge the Utah Demand-Side Management (DSM) Annual Energy Efficiency and Peak Load Reduction Report for 2012 (DSM Annual Report), filed by Rocky Mountain Power (RMP or the Company) as it does not comply with all of the Commission requirements in Dockets No. 09-035-27 and 11-035-74.

ISSUE

On May 1, 2013, the Company filed its DSM Annual Report for 2012. On May 6, 2013, the Commission issued an Action Request for the Division to review for compliance and make recommendations by May 31, 2013. The Commission subsequently filed a Notice of Filing and Comment Period in this Docket requesting interested parties submit comments on or before June

18, 2013 with reply comments submitted on or before June 28, 2013. At the request of the Division, the Commission closed the Action Request. This memorandum represents the Division comments on the 2012 DSM Annual Report.

DISCUSSION

In the October 7, 2009 Commission Order in Docket 09-035-27, the Commission approved the recommendation from the DSM Advisory Group requiring the Company to file a DSM Annual Report no later than March 31st of each year. On December 21, 2009, the Commission issued a subsequent Order in the same Docket approving the Company's proposed content and format of the DSM Annual Report with some modifications. In Docket No. 11-035-74, the 2010 DSM Annual Report, the Commission identified additional filing requirements. On January 15, 2013, in Docket No. 12-035-116, the Commission approved permanently moving the annual report required filing date from March 31st to May 1st. Also on January 15, 2013, in Docket No. 12-035-117, the Commission approved the Company's request that the requirement to perform cost effectiveness tests using the avoided costs from when the program was approved only be required for new programs one year after implementation or on existing programs with significant program changes in that year.

The Division appreciates the time and work that has been put into the DSM Annual Report by the Company. The DSM program provides valuable energy and cost savings to Rocky Mountain Power's customers. The comments provided by the Division do not reference every Commission filing requirement. Silence on an issue indicates the Division acknowledges the filing requirement has been met.

The Division noted various changes to the 2012 report format from previous years. The Division's review of the report verified that the Company followed the Commission approved content in many areas, although there were multiple issues that the Division was unable to verify. Listed below is the Division's attempt to list the various Commission requirements¹:

¹ The Division would appreciate the Company and other parties input on whether the Commission requirements list is complete.

DSM Annual Report requirements:

Docket No. 09-035-27 – October 7, 2009

1. filing date to be no later than March 31st of every year
2. include all of the cost-effectiveness tests in the Program Performance Reporting stage of review, including portfolio analysis in addition to the program and measure level views,
 - a. use of IRP avoided costs to evaluate program cost effectiveness.
 - b. sensitivity analysis around assumed, deemed, or other ex-ante values is required
 - c. for programs achieving less than a 1.0 benefit cost ratio, a list of remedial actions for improving program performance should be provided or the program should be terminated
 - d. perform the tests assuming its most recent IRP avoided costs, subject to any Commission order with respect to the IRP avoided costs, in addition to the avoided costs used when the program was approved
3. review of the IRP planned DSM amounts and the annual report's "actual" results
4. results of ex-post impact evaluations or the schedule for completion of ex-post impact evaluations to be conducted for each program.
5. demonstrate the program's contribution to the IRP annual planned acquisition of DSM load reductions

Docket No. 09-035-27 – December 21, 2009

1. In the Executive Summary, in the table entitled "20XX Total Portfolio Performance" include
 - a. the estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs;
 - b. the Integrated Resource Plan megawatt and megawatt-hour targets for the year;
 - c. the lifetime megawatt-hour savings in addition to first year savings;
2. within the body of the report or in an appendix, provide the calculations for reported savings and identify if reported savings are ex-post or ex-ante estimates

Docket No. 11-035-74 – February 15, 2012

1. If the Company relies on the Class 2 DSM programs to provide capacity benefits in its IRP, then the Company should be required to provide the estimate of MW savings at the time of system coincident peak. The non-coincident peak savings provides limited information in an environment of capacity deficits.
2. The Company should provide more specificity in its reporting, providing the MW savings on an individual program basis.

Docket No. 12-035-116 – January 15, 2013

1. move the annual report required filing date from March 31st to May 1st

Docket No. 12-035-117 – January 15, 2013

1. perform cost effectiveness tests using the avoided costs from when the program was approved only be required for new programs one year after implementation or on existing programs with significant program changes in that year

The 2012 DSM Annual Report contained information on the performance and activities within each program, as well as the cost-effectiveness test results, which are provided at several levels. The cost-effectiveness test results cover overall portfolio level, market segment level (residential and non-residential programs), class of resource level, individual program level, and measure and measure group level. The DSM Annual Report indicates that all portfolios and programs passed the Utility Cost Test (UCT). The overall portfolio was cost effective on all five cost-effectiveness tests. At the Residential sector level, all tests except the RIM were cost effective. The same held true for the Commercial and Industrial sector level.

The DSM Annual Report contained information on the program and portfolio performance compared to forecasts. What seems inconsistent with the Commission's requirements is it appears the Company did not use IRP forecasts as required in number three (3), Docket 09-035-27. On page 17 of the filing, the performance comparison states the targets were filed with the Commission on November 1, 2011 in Docket No. 10-035-57. The November 1, 2011 filing does not reference the origin of the target numbers.

The 2012 DSM Annual Report indicates that based on the November 1, 2011 target numbers the Company did not meet its Utah targets of 250,000 MWh/year of energy efficiency and 177 MW of load management. 2012 actual achieved energy efficiency acquisitions were 236,248 MWh/year with realized load management reductions of 150 MW. Again, this does not appear to be a comparison with IRP forecasts as ordered by the Commission.

A comparison of the 2011 DSM Annual Report to the 2012 Annual Report shows that energy efficiency savings between 2011 and 2012 decreased by 11 percent and load management

decreased by approximately 17 percent. 2012 Program costs including Self Direction Credits amounted to \$47,174,322 which is a 4 percent increase from 2011 costs.

In past reports the Company has included a comprehensive timeline for when evaluations are completed and/or are in process for each program offered in the state of Utah. The evaluation table provided on page 56 shows five programs were evaluated in 2012, Cool Keeper, Home Energy Savings, See ya later, refrigerator, Cool Cash, and New Homes. Within the body of the report the Company has noted that the FinAnswer Express, Energy FinAnswer, Re-Commissioning, and Self Direction Credit are in the process of being reviewed for the program years 2009 through 2011. The Home Energy Reports program is anticipated to be reviewed in 2014 and 2015. No evaluation was completed for the Low Income Weatherization Program in the 2012 period. The format used in the 2012 DSM Annual Report was not as user friendly as in previous reports.

The Division was unable to locate the filing requirements outlined in the Commission's Order dated December 21, 2009 in Docket No. 09-035-27.

At the beginning of 2012, the accumulated Schedule 193 DSM Cost Adjustment account showed an over-collected balance of \$8,770,676. The Commission approved a Settlement Stipulation in Docket 11-035-T14 for a reduction in the collection rate from 3.6 percent to 3.2 percent effective February 1, 2012. In Compliance with the Commission Order, on May 1, 2012, the Company filed tariff sheets² for a proposed Schedule 194 DSM Credit. This Schedule will refund to customers the January 2012 over collected balance of \$6,725,641.93 in the DSM deferred account over a one year period. The over-collected balance at the end of 2012 showed \$8,292,886.

CONCLUSION

In order to recommend acknowledgement of the DSM Annual Report the Division requires the following information and/or reference to where the information can be found:

² Docket No. 12-035-T06

1. The comparison of the IRP planned DSM amounts and the annual report's "actual" results;
2. In the Executive Summary, in the table entitled "20XX Total Portfolio Performance" include
 - a. the estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs;
 - b. the Integrated Resource Plan megawatt and megawatt-hour targets for the year;
 - c. the lifetime megawatt-hour savings in addition to first year savings;
3. within the body of the report or in an appendix, provide the calculations for reported savings and identify if reported savings are ex-post or ex-ante estimates.

The Office submitted OCS Data Request 3.2 requesting the Company to list the Commission ordered requirements for inclusion in Annual Energy Efficiency and Peak Load Reduction Reports. The Company was asked to provide the following specific information in the list; the specific requirement; the docket number and date of the Commission order; and the page number where the requirement is met in the current report. The data request response was received June 18, 2013, the day these comments are due. Upon review if the Division finds that the report contains all Commission ordered requirements, reply comments will be filed on or before June 28, 2013.

CC Dave Taylor, RMP
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Michelle Beck, OCS
Service List