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To: The Public Service Commission of Utah

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Date: June 18, 2013

Subject: Docket No. 13-035-71, 2012 Demand-Side Management 2012  
Annual Energy Efficiency and Peak Load Reduction Report

Background

Rocky Mountain Power (Company) filed with the Public Service Commission of Utah (Commission) the 2012 Annual Energy Efficiency and Peak Load Reduction Report (Report) on May 1, 2013. The Commission's order of January 15, 2013, in Docket No. 12-035-116 changed the filing date for the Company's annual report from March 31 to May 1. This filing meets the filing requirement date. In Docket 12-035-117 the Commission relieved the Company of the requirement to perform cost effectiveness tests in annual reports based on the Company's expected avoided costs when the program was approved. The Company states that "[T]his report provides details on program results, activities, expenditures, and status of the Demand-Side Management Cost Adjustment tariff rider ("Schedule 193") revenue for the performance period from January 1, 2012, through December 31, 2012."

The Company maintains that it has complied with all requirements in the report and attached appendices.

## Discussion

The Company was first ordered to file an annual Demand-Side Management (DSM) report in 2009. That first order contained specific requirements to be included in the annual report however subsequent orders have changed some of the reporting requirements, e.g. the filing date, information to be added and information no longer required. Some of the changes resulted from orders and docket numbers of filed annual DSM reports but other changes came from orders on other DSM matters.

The Company offers useful information in the Report including a summary of the events that occurred in 2012. The presentation of the cost-effectiveness analysis at the overall program, sector and individual program level assists the reader in understanding how the programs are performing. A summary of the Schedule 193 Balancing Account, including adjustments made in 2012 is also included. There are however a few Commission ordered requirements, discussed below, that appear to be missing from the Report or incomplete. Additionally, the Office identifies one correction to be made in Appendix 1.

### *Reporting Requirements Omitted or Needing Clarification*

As indicated above the Commission has ordered that certain information be included within annual reports. The Office has identified three requirements from Docket No. 09-035-27 that the Report either does not meet or need clarification.<sup>1</sup>

- 1) The estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs.

The Company states that programs yielded approximately 236.2 gigawatt-hours in first year savings and realized reduction associated with peak management activities of approximately 150.4 megawatts<sup>2,3</sup>

Appendix 1 provides an explanation of how capacity estimates were developed for Energy Efficiency Programs. The Company estimates that 2012 residential energy efficiency program and business program acquisitions contributed 21.14 MW and 20.66 MW of capacity contribution, respectively. Under the discussion of residential programs a value of 21.14 is identified as the Peak MW contribution of 2012 EE acquisitions.

Appendix 1 also provides a discussion on Load Management Programs (Cool Keeper and Irrigation Load Control) including capacity value assumptions. A reference to the capacity value assumed to be available at system coincident peak and a description of how the value is calculated are included in the Irrigation Load Control section.

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<sup>1</sup> The Office does not purport that the Report meets every other Commission reporting requirement.

<sup>2</sup> Realized load as measured at generation.

<sup>3</sup> These numbers are found in the Executive Summary at page 7.

The Report speaks to peak MW contributions and has one reference to system coincident peak. The Office asserts that future annual reports should provide more clarity on this specific requirement.

2) The IRP megawatt and megawatt-hour targets for the year.

In Table 7 on page 17 of the Report the Company provides a comparison of the Utah DSM 2012 Forecast Savings with the 2012 Actual Utah DSM 2012 Savings by Class and program sector. The information is presented in terms of both MW and MWh. The forecast used for comparison was provided on November 1, 2011 and is identified as relating to Dockets 09-035-T08<sup>4</sup> and 10-035-57.

The Office observes that while the detail comparison is helpful the 2012 forecast does not appear to correspond to IRP action plan data. No explanation is offered as to why the IRP comparison is not provided or if the referenced data does, in fact, mirror IRP targets for the year. A comparison with IRP projected acquisition is important particularly at times when the Company forecast is heavily reliant on DSM acquisition to meet its resource needs, such as in the 2013 IRP. As compared to forecast savings, actual DSM savings were deficit by 27 MW and 9 MW – Class 1 and Class 2 respectively, and 20,097 MWh – Class 2. The Office asserts that it would also be helpful for the Company to explain why actual numbers were less than forecast as well as any steps to be taken to meet future goals i.e. plans for increasing participation, lower goals, etc..

In response to data request OCS 3.2<sup>5</sup> the Company states that the required information is provided on page 17 of the Report. As noted above the Office has not verified if the information provided corresponds to an IRP and has asked the Company to identify the IRP or IRP update.

3) The lifetime megawatt-hour savings in addition to first year savings.

The Report includes first year savings in the Executive Summary but does not provide lifetime megawatt-hour savings.

In response to data request OCS 3.2 the Company indicated that “Estimated Lifetime Savings will be inserted under Executive Summary on page 7 of 56 in annual report”.

*Correction*

In Appendix 1 Explanation of Capacity Estimates 2012, the section on Irrigation Load Control (Schedules 96 and 96A) refers to information on Table 2. The Office believes the correct reference should be to Table 3.

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<sup>4</sup> A term of the stipulation in Phase 1 of Docket No. 09-035-T08 was that the Company would provide a forecast of expenditures and their acquisition targets for the next calendar year.

<sup>5</sup> Although the Company expedited its response data request OCS 3.2 was received this morning which has limited our review time.

### Cost Effectiveness

Appendix 2 contains the Utah cost-effectiveness analysis. The Company is to provide the calculations for reported savings and identify if reported savings are ex-post or ex-ante.

The Company reports that “overall energy efficiency and peak reduction portfolio and component sectors were all cost effective on a PacifiCorp Total Resource Cost Test (PTRC), Total Resource Cost Test (TRC), Utility Cost Test (UCT), Ratepayer Impact Test (RIM) and Participant Cost Test (PCT) basis”. While the overall program passes the RIM that test is generally failed at the individual program level<sup>6</sup>.

Cost effectiveness analyses are presented at the overall portfolio, sector and program level. The results are identified as savings estimates (ex-ante).

### Utah Program Evaluations

Appendix 3 identifies Utah 2012 Evaluations. The following programs were evaluated in 2012: Cool Keeper Program – Schedule 114, Cool Cash – Schedule 113, Home Energy Savings Program – Schedule 111, Refrigerator Recycling – Schedule 117, and New Homes – Schedule 110. Fin Answer Express – Schedule 115, Energy Fin Answer – Schedule 125, Re-commissioning - Schedule 126 and Self Direction – Schedule 192 were all being evaluated by a third party evaluator as of the end of 2012. No evaluation occurred in 2012 for the Irrigation Programs – Schedules 96 and 96A or the Low-Income Weatherization Program – Schedule 118. The Company does not indicate when evaluations for those programs may occur.

### Final Comments

As stated earlier over time the reporting requirements for the DSM annual report have changed. Those changes have occurred as the result of orders in various DSM dockets.

Additionally, as the format of the annual report is modified locating specific requirements within the report can be a challenge. For example, in Docket No. 09-035-27 the Commission’s December 21, 2009 Order stated: “In the executive summary, in the table entitled “20XX Total Portfolio Performance” include:”<sup>7</sup> followed by three specific requirements<sup>8</sup>. The Office notes that the executive summary of the **2012** Annual Energy Efficiency and Peak Load Reduction Report does not contain the aforementioned table.

Data Request OCS 3.2 requested that the Company provide a table identifying the specific requirements for inclusion in the Report and where the information can be located. In future annual reports it may be helpful for the Company to include an updated appendix or table with a list of all current Commission requirements for the annual report

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<sup>6</sup> Evaporative cooling permanently installed and replacement pass the RIM.

<sup>7</sup> Docket No. 09-035-27, December 21, 2009 Commission Order, page 2.

<sup>8</sup> The three requirements are identified earlier as omitted from the Report.

as well as the location of the required information within the Report such as that provided in response to OCS 3.2.<sup>9</sup>

### Recommendations

The Office recommends that the Commission require the Company to:

- 1) Provide the following information:
  - a) More clarity regarding the estimate of megawatt savings at the time of system peak corresponding to the megawatt-hour savings for energy efficiency programs.
  - b) The IRP megawatt and megawatt-hour targets for the year including the relevant IRP or IRP update used for comparison.
  - c) The lifetime megawatt-hour savings in addition to first year savings.
- 2) Correct the reference to Table 2 in Appendix 1 as identified above.
- 3) Include in future annual reports an appendices identifying report requirements and the location of the information in the report.

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<sup>9</sup> The Company's response to data request 3.2 is included as an attachment.