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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

Date: August 6, 2013

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

Docket No. 13-035-71

RECOMMENDATION (ACKNOWLEDGEMENT)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) 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) with the Division's suggested change to the Commission ordered requirements found in Docket No. 09-035-27 dated October 7, 2009.

ISSUE

On June 28, 2013 the Company filed a revised version to its Demand-Side Management 2012 Annual Energy Efficiency and Peak Load Reduction Report. On July 8, 2013 the Commission

issued an Action Request to the Division to review the Company's changes for compliance and make recommendations with a July 23, 2013 due date. On July 18, 2013, the Division made a request to the Commission to extend the Action Request due date to August 6, 2013. On July 22, 2013, the Commission approved the extension. This memorandum represents the Division comments on the 2012 revised DSM Annual Report.

DISCUSSION

The Division conditionally acknowledged the Company's 2012 DSM Annual Report filed on May 1, 2013, requesting additional information on the following Commission ordered filing requirements:

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 Division reviewed the revised 2012 DSM Annual Report and the Company's response to the Office of Consumer Services (Office or OCS) Data Request 3.2 and found that the Company has provided all but the first requirement as stated above. The Commission's Order Dated October 7, 2009 in Docket No. 09-035-27 page 14 states:

The report shall also include a review of the IRP planned DSM amounts and the annual report's "actual" results.

The Division was unable to reconcile the DSM amounts found on page 17 of the Annual report with the 2011 IRP. The Office also questioned the reconciliation of the IRP to DSM actuals and submitted the following question to the Company:

In the Annual DSM Report the Company is to provide IRP planned DSM amounts and the annual report's "actual" results. That information is contained on page 17 of the annual report. Please provide the location in the 2011 IRP where the IRP planned DSM amounts that match the numbers on page 17 are located.

The Company's response to the Office's Data Request 4.1 is as follows:

The IRP does not directly provide the information requested. The methodology can be found in the Company's January 20, 2012 supplemental filing, docket 10.035.57. The supplemental filing was provided to support the forecast that was filed with the commission under the same docket number on November 1, 2011.

The Company's response and the revised DSM Annual Report appears to state that the Company is in compliance with the Commission order. The Division felt more explanation was needed and asked the Company the following question in DPU Data Request 2.1:

Please explain the Company's interpretation of the Commission's Order, "The report shall also include a review of the IRP planned DSM amounts and the annual report's "actual" results." Does the Company believe it has met the requirement as outlined by the Commission in the 2012 DSM Annual Report? Why or why not?

The Division received the following response:

Yes.

DSM 2012 Annual Energy Efficiency and Peak Load Reduction Report- Revised

In November of each year, Rocky Mountain Power files the forecasted savings for the following calendar year. This filing includes a supplemental comparison to the IRP target (identified at state level only) against the forecasted savings detailed to the program level. The forecast established for Utah can be the IRP target or slightly higher. *The Company's interpretation of this original requirement from the 2009 order was to compare the achieved savings acquisition against the forecasted savings target.* This data is provided in Table 7 of the Annual Report. [Emphasis added]

The Division believes there is a need to compare the forecast savings to actual savings. The issue is where that comparison is made, through the IRP or some other source. On January 11, 2012 in Docket No. 10-035-57 the Company provided the following explanation of why it is not feasible to use the IRP model to compare forecast to actual DSM savings.

A direct reconciliation for Class 2 savings between the program forecast provided in Attachment A and the 2011 IRP Preferred Portfolio for calendar year 2012 is not directly available. Unlike Class 1 resources, Class 2 resources are not provided to or selected in the IRP modeling by program. Rather, Class 2 resource potential is identified in the Company "Assessment of Long-Term, System-Wide Potential for Demand-Side and Other Supplemental Resources" through an analysis of numerous sector specific energy efficient end-use measures. The potential for these measures are then consolidated for IRP modeling efficiency into bundled products or supply curves representing discrete resource options of a particular quantity, availability, and cost (including administration costs). The IRP selects Class 2 resources based on the attractiveness of each DSM supply curve compared to competing supply-side or other resource alternatives available to the model. *As a result, the 2011 IRP selected supply curves are comprised of end-use measure sets, not by programs, to*

arrive at the Class 2 savings within the 2011 IRP's Preferred Portfolio for calendar year 2012 making the reconciliation between what was selected and how we intend to acquire the resources not readily available.

[Emphasis added]

In its 2011 IRP, Class 2 DSM is modeled and selected using end-use measure sets and not by program. As modeled in the IRP the Company is unable to provide projected DSM savings by DSM program.

In order for the Company to comply with the Commission's Order in Docket No. 09-035-27 the Company would need to modify the way it models Class 2 DSM in the IRP. This change would be burdensome and necessitate the Company modeling and running over 19,000 separate permutations¹.

The Company was ordered in Docket No. 09-035-T08 to provide an annual forecast of DSM savings by November 1 of each year. The Company has incorporated the November 1 filing in its DSM Annual Report to compare forecast to actual DSM savings. As stated in the Company's response to DPU DR 2.1 the forecast as presented in the November 1 filing can be the IRP target or slightly higher.

CONCLUSION

The Division recommends the Commission allow the Company to use the November 1 DSM projected savings report and discontinue the use of the IRP planned DSM amounts when comparing forecast to actual DSM savings. This does not preclude interested parties in the DSM Annual Report filing from reviewing the DSM projected saving as presented in the IRP. In addition, the Division recommends that in future DSM Annual Reports the Company provide a

¹ 2013 Integrate Resource Plan Volume 1, April 30, 2013, Page 146

table² listing all current Commission ordered requirements and the corresponding location in the report where the requirement is met.

The Division recommends acknowledgment of the 2012 DSM Annual Report.

CC Dave Taylor, RMP
Jeffrey Larson, RMP
Michelle Beck, OCS
Service List

² OCS Data Request 3.2 as an example