



State of Utah
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

Date: June 2, 2015

Re: **Rocky Mountain Power's Demand-Side Management 2014 Annual Energy Efficiency and Peak Load Reduction Report**

Docket No. 15-035-50

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 2014 (DSM Annual Report), filed by Rocky Mountain Power (RMP or the Company) as it appears to comply with the Commission requirements in Docket Nos. 09-035-27, 11-035-74 and 13-035-71.

ISSUE

On April 30, 2015 the Company filed its DSM Annual Report for 2014. On April 30, 2015, the Commission issued an Action Request for the Division to review for compliance and make recommendations by June 1, 2015. The Commission subsequently filed a Notice of Filing and Comment Period in this Docket requesting interested parties submit comments on or before June

2, 2015 with reply comments submitted on or before June 17, 2015. This memorandum represents the Division comments on the 2014 DSM Annual Report.

DISCUSSION

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 filing contains the 2014 DSM Annual Report along with supporting Appendices 1 through 8.

- Appendix 1 – Report Requirements
- Appendix 2 – Explanation of Capacity Estimates 2014
- Appendix 3 – Utah Cost Effectiveness
- Appendix 4 – Utah Measure Installation Verifications
- Appendix 5 – Home Energy Savings Retailers
- Appendix 6 – Utah Program Evaluation and Recommendations and Responses
- Appendix 7 – Energy Efficiency Alliance
- Appendix 8 – Rocky Mountain Power Utah Demand Side Management Outreach and Communications Campaign Year 4 Report January 2014 – December 2014

Appendix 1 to the filing provides the Commission filing requirements from various Docket Numbers and where these requirements can be found in the report. 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 2014 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, program level (residential and non-residential programs), and measure level. The DSM Annual Report indicates that the DSM portfolio passed all of the cost effectiveness tests. At the residential program level, all programs, except for the New Homes program, passed the utility cost test (UCT), the total resource cost test

(TRC), the total resource test plus 10 percent (PTRC), and the participant cost test (PCT).¹ The same held true for the commercial and industrial program level.

The residential New Homes program did not pass all of the cost-effectiveness tests. The program passed the UCT and the PCT but failed the remaining cost-effectiveness tests. The Company noted that the cost effectiveness has improved over the previous year due to an overall increase in participation and a decrease in program expenditures. The Company filed on May 15, 2015 proposed changes to the New Homes program that are expected to improve participation and on-going cost effectiveness. The DSM Steering Committee will continue to monitor the cost effectiveness of the program and if it does not improve, the New Homes program may be further modified or removed from the overall portfolio.

The 2014 DSM Annual Report indicates that based on the November 1, 2013 target numbers the Company exceeded its Utah target of 227,547 MWh/year of energy efficiency but did not meet its 147 MW of load management. 2014 actual achieved energy efficiency acquisitions were 269,016 MWh/year with realized load management reductions of 135 MW. The Company attributes the missed load management reduction target to the lower market adoption of the irrigation load control as compared to the forecast. The Company recently proposed and the Commission approved in Docket No. 15-035-T03 an extension of the applicable irrigation control period. The requested extension is intended to better align actual practice with the program and enhance participation. It is believed this action will help improve the load management reductions in the future.

A comparison of the 2013 DSM Annual Report to the 2014 DSM Annual Report shows that energy efficiency savings from 2013 to 2014 increased by approximately 2 percent and load management increased by approximately 7 percent. 2014 Total Program costs amounted to

¹ The ratepayer impact test was less than 1.0 indicating that there is near term upward pressure placed on the price per kilowatt-hour given a reduction in sales. Rocky Mountain Power's Demand-Side Management 2014 Annual Energy Efficiency and Peak Load Reduction Report, Page 25 of 43.

\$81,598,544 which is a 48 percent increase from 2013 costs. The Company attributes the increased costs to Cool Keeper program transition to a new program administrator in 2014.

At the beginning of 2014, the DSM balancing account showed an over-collected balance of \$4.8 million. By the end of 2014, the DSM balancing account had reversed and was under-collected by \$18.4 million. In order to bring the DSM balancing account back to zero, on December 31, 2014 the Company proposed a two-step increase to the Schedule 193 DSM Surcharge rate. Subsequently, on January 28, 2015 the Company modified its proposed two-step increase to better align with actual program expenditures for 2014. The Company anticipates that with the Commission approved change to the DSM Surcharge rate, the DSM balancing account will be near zero by the end of 2016. The DSM Surcharge will be re-evaluated for 2017 program expenditures.

CONCLUSION

The Division does not find any issues with the report and will continue to monitor the Schedule 193 DSM Cost Adjustment and Tariff Rider Balancing Account. Therefore, the Division recommends that the Commission acknowledge the Company's DSM Annual Report for 2014 as complying with Commission Orders.

CC Bill Comeau, Rocky Mountain Power
Jeff Larsen, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List