



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 22, 2016

Re: **Rocky Mountain Power's Demand-Side Management 2015 Annual Energy Efficiency and Peak Load Reduction Report**

Docket No. 16-035-17

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 2015 (DSM Annual Report), filed by Rocky Mountain Power (RMP or the Company) as it appears to comply with the Commission requirements as outlined in the Company's Appendix 1 included with this filing.

ISSUE

On May 23, 2016 the Company filed its DSM Annual Report for 2015. On May 23, 2016, the Commission issued an Action Request for the Division to review for compliance and make recommendations by June 22, 2016. The Commission subsequently filed a Notice of Filing and Comment Period in this Docket requesting interested parties submit comments on or before June

22, 2016 with reply comments submitted on or before July 6, 2016. This memorandum represents the Division comments on the 2015 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 2015 DSM Annual Report along with supporting Appendices 1 through 8.

- Appendix 1 – Report Requirements
- Appendix 2 – Utah Cost Effectiveness
- Appendix 3 – Utah Measure Installation Verifications
- Appendix 4 – Home Energy Savings Retailers and Trade Allies
- Appendix 5 – Utah Program Evaluation Recommendations and Responses
- Appendix 6 – Energy Efficiency Alliance
- Appendix 7 – Utah DSM Outreach and Communications Year 6 Report
- Appendix 8 – Confidential Cost Effectiveness 2015 Utah Peak Reduction

Appendix 1 to the filing provides the Commission filing requirements from various docket numbers and also provides the location of each requirement 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 2015 DSM Annual Report contains information on the performance and activities within each program, as well as the cost-effectiveness test results. 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 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). The DSM portfolio did not pass the ratepayer impact cost test (RIM)¹. At the residential program level, all programs, except for the New Homes program,

¹ The RIM examines the impact of energy efficiency expenditures on non-participating ratepayers overall. Unlike supply-side investments, energy efficiency programs reduce energy sales. Reduced energy sales can lower revenue

passed four of the five cost-effectiveness tests. The commercial and industrial program also passed four of the five cost-effectiveness tests.

The residential New Homes program failed all of the cost-effectiveness tests in 2015. The Company's reasoning for the decrease in cost-effectiveness is the reduction in decrement values calculated for the 2015 IRP. The forecast to actual savings comparison shows the program performed slightly better than expected with 2,866 MWh forecasted and 3,180 MWh achieved. The Division is not opposed to continuing the program but it is clear that changes need to be made for the program to continue in the portfolio. The DSM Steering Committee will review the program and provide recommendations to the Commission.

The 2015 DSM Annual Report indicates that based on the November 1, 2014 target numbers the Company was slightly under its Utah target of 311,857 MWh/year of energy efficiency and did not meet its 135 MW of load management. 2015 actual achieved energy efficiency acquisitions were 311,065 MWh/year with realized load management reductions of 115 MW. As with the 2014 DSM Annual Report, the Company attributes the missed load management reduction target to the lower market adoption of the irrigation load control as compared to the forecast.

A comparison of the 2014 DSM Annual Report to the 2015 DSM Annual Report shows that energy efficiency savings from 2014 to 2015 increased by approximately 16 percent and load management savings decreased by approximately 14 percent. 2015 Total Program costs amounted to \$61,186,099 which is a 25 percent decrease from 2014 costs.

At the beginning of 2015, the DSM balancing account showed an under-collected balance of \$13.7 million. By the end of 2015, the DSM balancing account remained under-collected by \$13.8 million. On December 23, 2015, the Commission authorized a DSM Surcharge adjustment from 3.62 percent to 4.0 percent effective January 1, 2016. The intent of the Surcharge adjustment was to align projected expenditures with DSM Surcharge revenues by December 2016. Subsequent to the DSM Surcharge adjustment, SB 115 was approved by the Utah

requirements while putting near-term upward pressure on rates as the remaining fixed costs are spread over fewer kilowatt-hours.

Legislature which, in part, included the amortization of DSM program costs. As of this filing, the Company has not provided the detail on the effects of SB 115 on the DSM Program and the under-collected balance.

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 2015 as complying with Commission Orders.

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