Witness OCS – 1R (Phase 3)

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized By the Sustainable Transportation And Energy Plan Act	)))))	**Docket No. 16-035-36** **Phase 3** **Rebuttal Testimony of Cheryl Murray for the Office of Consumer Services**

April 27, 2017

Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?

A. My name is Cheryl Murray. I am a utility analyst for the Office of Consumer Services (Office). My business address is 160 East 300 South, Salt Lake City, Utah.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS DOCKET?

A. Yes. I provided direct testimony on behalf of the Office on November 9, 2016 in Phase 1 and direct testimony on April 6, 2017 in Phase 3 of this Docket.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. In my rebuttal testimony I respond to direct testimony of witnesses for Utah Clean Energy (UCE) and Southwest Energy Efficiency Project (SWEEP) (together UCE/SWEEP), Western Resource Advocates (WRA), the Division of Public Utilities (Division), and ChargePoint.

I will present my rebuttal in the categories of: incentive offerings, Time of Use (TOU) rates, and miscellaneous issues.

The Office’s absence of comment on any issue advanced by any other party should not be taken as an indication of support or disagreement.

INCENTIVE OFFERINGS

Q. PLEASE IDENTIFY THE SUBJECT MATTER OF UCE/SWEEP TESTIMONY YOU WILL ADDRESS?

A. I will discuss the incentive payment offerings proposed in the testimony of UCE/SWEEP witness Mr. Kevin Emerson.

Q. WHAT IS THE FIRST INCENTIVE PROPOSAL YOU WILL DISCUSS?

A. I will begin with Mr. Emerson's proposal for an incentive offering for residential Level 2 Chargers.

Q. PLEASE DESCRIBE HIS PROPOSAL.

A. Mr. Emerson correctly points out that the Company's original STEP filing proposed that the Plug-in Electric Vehicle (PEV) incentive program would include an incentive offer for residential Level 2 chargers. However, in the Company's supplemental filing for Phase 3 the charger incentive was removed and replaced with incentives for participation in TOU rates. Mr. Emerson specifically recommends a $500 incentive payment for residential Level 2 chargers capped at 75% of charger and installation costs. He proposes that this category of incentives be limited to 100 Level 2 chargers for the first year. Funding would be provided by reallocating $50,000 from the Grant-Based Custom Projects and Partnerships category. The incentive should be monitored and potentially reduced after the first year. Any unused funds could be shifted to the general Grant-Based Customer Project program.

Q. WHAT IS THE OFFICE'S OPINION OF UCE/SWEEP'S RESIDENTIAL LEVEL 2 CHARGER PROPOSAL?

A. The Office shares UCE/SWEEP's concern that the Company presented a significant redesign of the residential incentives without providing any explanation or evidence supporting its change in design. I further note that the time of use workgroup that met in the months leading up to this Phase 3 filing had also contemplated a program that would offer incentives for residential Level 2 chargers. The Office remains supportive of the concept of incentives for residential Level 2 chargers. However, we suggest that some clarification to UCE/SWEEP's proposal is necessary and we offer one recommendation that we consider essential if incentives are to be offered for residential Level 2 chargers.

Q. PLEASE EXPLAIN THE CLARIFICATIONS TO WHICH YOU REFER.

A. The Office suggests two clarifications. First, Mr. Emerson suggests that any unused funds could be shifted to the Grant-Based Custom Project program. The Company has a similar proposal that incentive funds from the various categories of incentives that have not been allocated by September would then be swept from those categories and reallocated to the Grant-Based Custom Project program. The Office recommends that if Level 2 charger incentives are included in the program, unused funds should be reallocated in September consistent with the Company's proposal.

Second, at page 18, Table 1 of Mr. Emerson's direct testimony he indicates that UCE/SWEEP propose no changes to the Company's proposed incentives and annual cap for Participation in Time of Use Rate in Electric Service Schedule 2E. The Table indicates an incentive "up to" $200 per customer with an annual cap of $200,000. The Company's full proposal includes an up to incentive of $200 per customer for participation in TOU rates and an additional $200 for customers selected to participate in the load research study at its conclusion. UCE/SWEEP has clarified to the Office that its proposal does not remove the load research participation incentive.

Q. WHAT IS THE RECOMMENDATION THE OFFICE PROPOSES FOR UCE/SWEEP'S RESIDENTIAL LEVEL 2 CHARGER INCENTIVE?

A. Mr. Emerson states that "this incentive could help increase the pool of residential customers to recruit to participate in the TOU rate pilot". (Emerson direct page 11, lines 212-213). Although we do not dispute his statement the Office asserts that TOU participation should be mandated for residential customers who receive an incentive. Therefore, the Office recommends that if the Commission adopts Mr. Emerson's proposal to provide an incentive for residential Level 2 chargers it should include as a condition of receiving that incentive a requirement to participate in TOU rates.

Q. ARE THERE OTHER UCE/SWEEP INCENTIVE PROPOSALS THAT YOU WOULD LIKE TO ADDRESS?

A. Yes. Mr. Emerson proposes that multi-family customers be broken out as a separate sub-category within the non-residential category and be provided an incentive offering of $8,000 capped at 80% of the cost of the EV charger and installation per single port charger and $10,000 (also capped at 80%) for dual port chargers and installation. (Emerson direct page 14, lines 272 – 275).

Q. DOES THE OFFICE AGREE THAT A SUB-CATEGORY SHOULD BE CREATED FOR MULTI-FAMILY CUSTOMERS?

A. No. The Office believes that it is not necessary to create a sub-category for this group of customers. However, we support tariff language that clarifies the fact that multi-family dwellings are eligible for incentives in the Non-Residential AC Level 2 Charger category, which the description in the application indicates. Further, we could support a higher level of incentive for multi-family dwellings that are selected in the Non-Residential AC Level 2 Charger category if it were justified by the unique circumstances faced by those types of customers. For example, it may take a higher incentive level to promote the charging infrastructure because of the potential disconnect between the financial interests of the building owner and/or management, any existing HOA, and the residents.

Q. DO YOU HAVE ANY FURTHER COMMENTS REGARDING OTHER UCE/SWEEP INCENTIVE PROPOSALS?

A. Not specifically. Mr. Emerson suggests increasing the incentive offering for Non-Residential Level 2 Chargers and DC Fast Chargers. The Office has no basis to either accept or reject his assertions regarding costs of these chargers.

Q. DO YOU HAVE ANY FINAL COMMENTS REGARDING THE DESIGN OF THE INCENTIVE PROGRAM?

A. Yes. Although the Office raised different issues than those raised by UCE/SWEEP, I think both of us share the overall concern that the design of the incentives has not received robust enough input and analysis to justify that the details are in the public interest in particular for the residential portion of the incentive program.

TIME OF USE RATES

Q. HAS THE OFFICE REVIEWED THE DIRECT TESTIMONY REGARDING TIME OF USE RATES PRESENTED BY THE OTHER PARTIES?

A. Yes. I reviewed the testimony in consultation with others in the Office and our expert witnesses. Essentially, the positions are as follows: WRA agrees with the Company's proposal, the Division has several concerns with the TOU rates and "anticipates reviewing other parties' proposals and believes a useful proposal or hybrid proposal will be possible later in this proceeding" (Davis direct page 8, lines 120-121), and UCE/SWEEP proposed two different TOU rates, one that incorporates two tiers into both the on- and off-peak time periods and the other that introduces a third "super off peak" period.

Q. WHAT IS THE OFFICE'S VIEW REGARDING A TOU RATE WITH A THIRD "SUPER OFF PEAK" PERIOD?

A. At first the Office was receptive to the idea to incorporate a third "super off peak" period. However, after further discussing the idea with other parties and the Company, we could not find a rational, analytical basis for selecting hours that could be priced differently as a super off peak period. Therefore, the Office opposes including this concept into the TOU pilot program.

Q. WHAT IS THE OFFICE'S VIEW REGARDING INCORPORATING TIERS INTO A TOU RATE?

A. The Office has some initial concerns about the complexity of combining the two rate design concepts. In addition, such a combined rate structure appears to be designed to achieve two potentially competing objectives: 1) conservation, i.e. consuming less energy, 2) shifting the time of consumption. However, after additional discussion with the parties and evaluation of potential TOU rates that could be used in a load research study, the Office has concluded that including a TOU rate that incorporates different rates for different tiers of energy consumption may provide interesting study results. Therefore, the Office could support a pilot program that compares two TOU rates with similar price differentials between on and off-peak, one that simply had two time periods and the other that incorporates two tiers of energy use within each time period.

The Office does not support defining the first tier in both pricing periods to include consumption up to 1000 kWh, as is currently embedded in the UCE/SWEEP proposal. In fact, UCE/SWEEP's testimony indicated that they also have a preference to use a different break point between the tiers. The Office is currently working to evaluate where the reasonable division (kWh) between Tier 1 and Tier 2 rates should be set. The response to some outstanding data requests is anticipated to facilitate this analysis.

Q. PLEASE SUMMARIZE THE PRINCIPLES THAT THE OFFICE NOW SUPPORTS IN A TOU PILOT PROGRAM AFTER THE ADDITIONAL STUDY AND ANALYSIS COMPLETED SINCE DIRECT TESTIMONY WAS FILED.

A. In general, the Office advocates that the following principles be incorporated in the TOU pilot program.

First, the pilot must include a valid sample design to provide statistically significant results that the results can be generalized.

Second, the pilot should include two TOU rates with a clear difference in design to compare and study the impact on changes in customer consumption.

Third, the differential of rates between on and off peak periods should be set high enough to promote change but not too high such that customers are not attracted to the rate or that it ends up simply being punitive.

At this time, we think good options for the TOU rates would be to study either a) our proposal for two TOU rates and evaluate the impacts of the larger number of on-peak hours proposed by the Company compared to a rate with fewer on peak hours or b) two TOU rates with similar differentials between on- and off-peak pricing and identical number of hours in the periods with one rate incorporating higher pricing for a second tier of energy use in both the on- and off-peak periods.

MISCELLANEOUS ISSUES

Q. WHAT IS THE FIRST ISSUE THAT YOU WILL ADDRESS?

A. The first issue I will address is that of extending by one year the Load Research Study period as proposed by WRA witness, Mr. Kenneth Wilson, making it a 24-month rather than 12-month study.

Q. PLEASE DISCUSS MR. WILSON'S 24-MONTH LOAD STUDY PROPOSAL.

A. The Company's proposal is for a 12-month load research study. Mr. Wilson states that he would prefer having the Company collect data for a second year. (Wilson direct page 7, lines 141-142). He identifies two advantages of a two-year load study:

1) There will be twice as much data for analysis, providing the potential for more accuracy and better conclusions.

2) Two years of data may show variations in charging behavior under different weather conditions. (Wilson direct page 8)

Mr. Wilson recommends that the Public Service Commission (Commission) approve the Application for the pilot with the addition of a second year for the load study. (Wilson page 2, lines 28 – 29)

Q. DOES ANY OTHER PARTY ADDRESS THE LENGTH OF THE LOAD STUDY?

A. Yes. Division witness, Mr. Robert Davis indicates that the "Division agrees that the study should last at least 12 – 24 months…" (Davis direct page 11, line 180). However, he does not make a specific recommendation to extend the load study.

Q. WHAT IS THE OFFICE'S RECOMMENDATION REGARDING EXTENDING THE LOAD STUDY TO 24-MONTHS?

A. For the reasons expressed by Mr. Wilson the Office supports the extension. We believe that having more data in general as well as results over a potentially greater variety of weather conditions will be informative. Also, as stated by Mr. Wilson, extending the load study will not push it beyond the limits of the planned pilot period. Unless the Company's rebuttal testimony contains justification to hold the load study to 12 months the Office recommends that the Commission require the load study to be conducted over a 24-month period.

Q. WHAT IS THE SECOND ISSUE YOU WISH TO ADDRESS?

A. The second issue is that of operating, maintenance, administrative, and general expenses (OMAG). Mr. Davis addresses this issue beginning at page 14 of his direct testimony.

Q. WHAT DOES THE DIVISION RECOMMEND REGARDING OMAG?

A. Mr. Davis states that in "Phase One of the Commission's Report and Order, the Commission directed the Company to include all program-related OMAG expenses in the STEP budgets"[1]. He recommends the same treatment be required for Phase 3 programs.

Q. DOES THE OFFICE AGREE WITH MR. DAVIS' RECOMMENDATION REGARDING THE TREATMENT OF OMAG EXPENSES?

A. Yes. Consistent with our position in earlier Phases of this docket the Office agrees that OMAG expenses for Phase 3 should be identified, tracked, reported and charged against the PEV Incentive budget consistent with the other STEP programs.

Q. YOU INDICATED YOU WOULD ADDRESS CHARGEPOINT TESTIMONY. WHAT ISSUE OF THE CHARGEPOINT TESTIMONY WILL YOU ADDRESS?

A. Mr. James Ellis states that ChargePoint supports "a program structure where the rebates are provided if the charging stations can communicate to provide data and load management tools to the utility to create grid benefits" (Ellis direct page 6, lines 111 – 113).

Q. WHAT IS THE OFFICE'S POSITION REGARDING CHARGING STATIONS PROVIDING DATA TO THE COMPANY?

A. The Office asserts that as a condition of receiving incentives for DC Fast Chargers and for Grant-Based Custom Projects and Partnerships participants must be required to provide data to the Company.

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[1] Report and Order, In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, 16-035-36, December 29, 2016, pp. 6-8, and p. 16, item 7.

Q. DO THE COMPANY'S PROPOSED TARIFFS REQUIRE THAT RECIPIENTS OF INCENTIVES PROVIDE THIS INFORMATION?

A. Not specifically. Original Sheet No. 120.2 for DC Fast Charger Prescriptive Incentives at 3 reads: Pre-approval criteria *may* include, but is not limited to: (emphasis added)

e. Consent to provide charger usage data;

Likewise, Original Sheet No. 120.3 Grant-Based Custom Project and Partnerships Incentive at 2 reads: The selection process *may* include, but is not limited to: (emphasis added)

e. Consent to provide charger usage data;

Q. DOES THE OFFICE HAVE ANY RECOMMENDATIONS RELATED TO THESE TWO TARIFF SHEETS?

A. Yes, the Office recommends that the tariff sheets be revised in such a manner to specify that providing charger usage data is an absolute requirement from all recipients of these incentives and not subject to Company prerogative.

Q. DOES THE OFFICE HAVE ANY RESPONSE TO THE OTHER ISSUES RAISED BY CHARGEPOINT?

A. Yes. I will address three additional issues in ChargePoint's testimony, roll over of unused funds, requirements for residential charger incentives and a cap on Grant-Based Custom Projects.

ChargePoint proposes that any unused funds in the Non-residential and DC Fast Charger Prescriptive incentive categories roll over to the following year. My understanding is that the statute delineates a specific amount per year for this program, thus the Company is not permitted to roll-over any unused funds from one year to a subsequent year.

ChargePoint recommends that in the program design for TOU Prescriptive Incentive the Company explicitly require that “these home units be smart; capable of communicating through a network to provide data and load management tools and capabilities” (Ellis direct pages 7 & 8, lines 147-148. The Office has stated its support for incentives for residential Level 2 chargers. However, ChargePoint’s recommendation that the home units be “smart” is offered with no information about the cost implications associated with increased functionality of these devices. The Office opposes the expanded requirements recommended by ChargePoint absent cost justification.

For Grant-Based Custom Projects ChargePoint recommends that the proposal include a 75% cap on the incentive in keeping with other program categories. The Office agrees that Grant-Based Custom Projects should be required to fund a portion of the project costs and not be fully funded with STEP funds.

SUMMARY

Q. PLEASE SUMMARIZE THE OFFICE’S RECOMMENDATIONS.

A. If the Commission approves the PEV Pilot Program the Office recommends that the Commission require the Company to:

- Consider redesigning the residential incentives to include residential Level 2 chargers. If incentives for residential Level 2 chargers are offered, recipients should be required to participate in TOU rates;
- Create TOU pilot rates with smaller differentials than those initially proposed by RMP and either evaluate the impacts of two different rates as proposed by the Office in direct testimony or by including tiered pricing in one option;
- Extend the Load Research Study to 24-months;
- Treat OMAG related to the Programs in Phase 3 of this docket as ordered in Phase 1; and
- Obtain consent to provide charger usage data as a condition of receiving DC Fast Charger Prescriptive Incentives and Grant-Based Custom Projects and Partnerships Incentives.
- Require Grant-Based Custom Projects to have a portion funded by the grant recipient.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.