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DEPARTMENT OF COMMERCE  
Office of Consumer Services

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Director

To: Public Service Commission

From: Office of Consumer Services  
Michele Beck, Director  
Gavin Mangelson, Utility Analyst

Date: July 6, 2017

Subject: Docket 17-035-32

**In the Matter of:** Rocky Mountain Power's Demand-Side Management  
2016 Annual Energy Efficiency and Peak Load Reduction Report

**Background**

On May 15, 2017 Rocky Mountain Power Company (Company or RMP) filed with the Public Service Commission (Commission) a report detailing the Demand-Side Management (DSM) portfolio for calendar year 2016; this report includes information about costs, energy savings, and other specific program details. The Commission posted a Notice of Filing and Comment Period on May 23, 2017.

Requirements for the Energy Efficiency and Peak Load Reduction Report were modified earlier this year with the Commission's Order on February 16, 2017 in Docket No. 17-035-03.

On June 15, 2017 the Company filed a revised report. The revision was made to correct the measure life affecting the calculations of lifetime net benefits, and the correction resulted in a slight decrease to the achieved lifetime net benefits for 2016. This correction was identified after the Company received inquiries from the Office of Consumer Services (Office) and Division of Public Utilities specifically related to the reported lifetime net benefits.

## **Performance and Comparisons**

The Office's review of the 2016 report reveals an increase to the achieved savings from both energy efficiency and capacity reduction when compared to the performance reported for 2015. These savings were achieved with a slight decrease in total expenditures.

Total expenditures for 2016 were \$60.4 million. A comparison with the \$61.2 million spent in 2015 shows that expenditures declined for 2016 by approximately 1.3% (\$800,000).

First Year Energy Savings achieved for 2016 were 334,147 MWh. First Year Energy Savings achieved for 2015 were reported as 311 GWh. Therefore, First Year Energy Savings for 2016 increased by 7.4% over the previous year.

Capacity reduction achieved for 2016 is estimated at 65 MW. This is also a 7.4% increase over the 60.5 MW achieved for 2015.

As part of this proceeding, the Office submitted data requests to the Company regarding the reported capacity reduction in the DSM report as compared to the targets for MW capacity reduction contained in the Company's Integrated Resource Plan (IRP). The Company responded thusly:

The 65 megawatts (MW) from the 2016 Demand-Side Management (DSM) annual report is an estimate of the impact of actual program achievements during PacifiCorp's system peak period. Please refer to Table 6 of the 2016 DSM Annual Report which shows how the 65 MW value is calculated. The 74 MW of Class 2 DSM capacity reported in Table 5.3 of PacifiCorp's 2015 Integrated Resource Plan (IRP) Update is "nameplate" or maximum capacity based on projected acquisitions at the time the 2015 IRP was developed, and does not necessarily occur during the system peak period.

The Office is concerned that the achieved capacity reduction reported in the DSM report is too dissimilar to the IRP targets referenced above, and therefore may not be an effective means of assessing the success of past IRP targets or the feasibility of future targets. However, if the Company uses DSM as a resource in its IRP, then it must find a way to measure whether the DSM achievements are delivering the

selected resources. The Office will continue to evaluate the usefulness of the MW capacity reduction measure in future proceedings regarding the DSM portfolio as well as the IRP.

The revised report filed on June 15, 2017 indicates that lifetime net benefits for 2016 were \$112 million (corrected from \$116 million), an 80% increase over the previous year. Lifetime net benefits achieved in 2015 were \$62.3 million, less than half of the \$140.3 million achieved for 2014. The severe drop in estimated net benefits from 2014 to 2015 was attributable to revised decrement values. However, the extreme increase from 2015 to 2016 relates to measure life, as well as individual program adjustments, and regular updates to eligible measures.

Although the changes in estimated net benefits are not a result of any drastic changes to participation, the measurement has recently shown great volatility by being highly sensitive to a broad variety of inputs and program changes. While it remains important for the Company to disclose the lifetime net benefits achieved by the portfolio, the radical fluctuations in recent years have rendered this measurement less effective for comparing DSM performance from year to year. The Company should make efforts to stabilize this measurement so that it provides a useful comparison of the performance of the DSM portfolio across multiple years.

### **Recommendation**

The Office recommends that the Commission acknowledge the revised report as having satisfied the current requirements.

Copies to: Rocky Mountain Power  
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Division of Public Utilities  
Chris Parker, Director  
Artie Powell, Energy Section Manager