UTAH CLEAN ENERGY
We Partner to Build the New Clean Energy Economy

July 6, 2017

UTAH PUBLIC SERVICE COMMISSION
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

RE: Docket No. 17-035-32– In the Matter of Rocky Mountain Power's Demand-Side Management 2016 Annual Energy Efficiency and Peak Load Reduction Report

Dear Public Service Commission,

These comments are being submitted by Utah Clean Energy and the Southwest Energy Efficiency Project (SWEEP). Rocky Mountain Power's annual Demand-Side Management (DSM) report is a valuable document for organizations like Utah Clean Energy and SWEEP to gauge the impact of Rocky Mountain Power's DSM programs. We appreciate that the Utah Public Service Commission requires this annual report to be filed and for the opportunity to provide feedback. Below are several comments, questions, and recommendations for consideration by the Public Service Commission.

Overall Comments

Rocky Mountain Power's 2016 DSM portfolio has positive cost effectiveness, reaching a benefit/cost ratio of 1.94 under the Utility Cost Test (UCT) for its 2016 programs, and a net benefit of $112 million.[1] Overall Rocky Mountain Power's demand side management programs saved an amount of electricity equal to 1.18% of its 2016 projected retail sales.[2] While the average for the country's largest utilities today is 0.89%, seventeen of the largest 51 utilities from across the country exceed this 1.18% level, with two leading utilities achieving 3% of retails sales from energy efficiency.[3]

The overall level of DSM achieved in 2016 is positive, as the company achieved savings levels higher than those selected in the 2015 IRP. But, actual savings in 2016 was about 30,000 MWh lower than what was projected in its 2016 forecast. This appears to be largely due to lower-than-

[1] Rocky Mountain Power, Utah Energy Efficiency and Peak Reduction Annual Report, Jan. 1-Dec. 31, 2016, June 15, 2017 (revised), p. 5-6.
[2] Based on projected retail sales from the Company's 2015 Integrated Resource Plan.
[3] American Council for an Energy Efficient Economy (ACEEE), 2017 Utility Energy Efficiency Scorecard, June 13, 2017, p. 17-18, http://aceee.org/sites/default/files/publications/researchreports/u1707.pdf. Data is based upon 2015 annual electricity savings from utilities across the country collected by the U.S. Energy Information Agency (EIA). 2015 is the most recent year for which data for all states is available.

forecasted participation/savings from Rocky Mountain Power's residential programs. *We are concerned about the under-performance of the residential programs, and request that the Company report on the steps that is taking to not repeat this under-performance in 2017 and beyond.*

Comments on Residential Programs

The residential portfolio was cost effective in 2016, with a UCT benefit/cost ratio of 2.48 and cost effectiveness has increased compared to 2015 (2.29), which is good. But, at the same time, savings decreased by 40% compared to 2015, which is concerning.

Home Energy Savings Program has a high cost effectiveness of 3.03 UCT, yet the 2016 program savings were lower than forecasted. The total savings at site for 2016 was 45,655,623 kWh compared to 90,853,049 kWh for 2015. Likewise, incentives decreased from $13.6 million in 2015 to $6.8 million in 2016. Rocky Mountain Power reports that this decrease was primarily attributable to a "94% decrease in CFL lighting" as well as cancellation of the refrigerator recycling program. As written in the annual report, the reduction in lighting energy savings occurred because "CFLs will no longer qualified under Energy Star 2.0 specifications beginning in 2017." *We request additional detail about why incentives for LEDs were insufficient to maintain the forecasted level of energy savings from lighting, and what steps the Company is taking to increase energy savings from LEDs in the residential sector in 2017 and beyond.*

Rocky Mountain Power noted that the following measures were retired due to low participation and/or high cost: Clothes Washers, Refrigerators, Freezers, Air Sealing, Windows, Whole Home Upgrade, Whole-House Ducted Evaporative Coolers, Best Practice Install and Proper Sizing for Central Air Conditioners, Duct Sealing, Duct Sealing with Insulation, Duct Sealing in New Manufactured Homes. Of the measures retired, several (air sealing, windows, duct sealing, duct insulation, whole home upgrade) could be co-delivered with Dominion's ThermWise programs. *We recommend that Rocky Mountain Power work with Dominion Energy to develop joint administration of these types of measures.*

It is our understanding that under the new Wattsmart Homes program, HVAC incentives are transitioning to an up-stream incentive. *We request additional information on the status of the HVAC incentives, including information on how evaporative cooling technologies will be included.*

Home Energy Reports: Participation increased in 2016 to 267,084 customers compared to 253,700 in 2015, yet during the same time period, electricity savings decreased from 56,615,083 kWh in 2015 to 49,244,502 kWh in 2016. *We request additional information about why electricity savings decreased at the same time as participation increased.*

Low Income Weatherization: We note that the program was cost effective at 1.51 UCT benefit/cost ratio. Participation increased slightly, serving 332 homes in 2016 compared to 306 homes in 2015, and at the same time the electricity savings decreased slightly, from 225,327 kWh in 2015 to 210,154 kWh in 2016. *We request additional information about why savings decreased when more homes were served.*

Based on the funding and the number of households served, the American Council for an Energy-Efficient Economy (ACEEE) ranks the Company's low-income programs 51st among 51 large utilities.[4] This ranking is based upon the portion of the Company's DSM portfolio budget dedicated to low-income energy efficiency programs, the number of program offerings, the level of savings achieved, and the coordination of low-income program offerings with gas utility programs. *We recommend that Rocky Mountain Power work with the Department of Workforce Services, the gas company and other low-income stakeholders to develop a strategy to reach a larger number of households and increase the level of electricity savings for this important group of utility customers. We recognize that this will require an increase in funding for the Low Income program, but we believe that a significant increase is appropriate given that the Low Income program accounted for only 0.1% of the total DSM program budget in 2016.*

Comments on Non-residential Programs

The total energy savings from non-residential programs increased from 120,368,311 kWh in 2015 to 209,941,939 kWh in 2016 (at site). We applaud RMP for achieving this very substantial increase in energy and utility bill savings for its business customers. And the non-residential program portfolio continues to be highly cost-effective, with a UCT of 2.87 and $70.01 million in net benefits. Further, the levelized cost energy savings for non-residential customers continues to be very low: $0.0272/kWh[5].

Given that the benefit/cost ratio is high and the levelized cost of saved energy for the non-residential sector is below 3 cents/kWh, we believe there is ample room to expand the non-residential programs and thereby gain more participation and energy savings. *We recommend that the Company investigate opportunities to increase the scope if its non-residential programs, which could include targeted increased incentives, new/innovative outreach methods and/or partnerships, and actions to expand participation in hard-to-reach markets.*

Other Recommendations

In its 2017 Utility Energy Efficiency Scorecard, ACEEE recognizes newer, emerging energy efficiency measures or programs in leading utility programs. *We recommend that Rocky*

[4] ACEEE, 2017 Utility Energy Efficiency Scorecard, p. 40.
[5] Rocky Mountain Power, Utah Energy Efficiency and Peak Reduction Annual Report, Appendix 2, Table 6, pdf page 51.

Mountain Power investigate adding these measures/programs to its residential and non-residential offerings:

- Advanced space-heating heat pumps
- Conservation voltage reduction (CVR) or volt/var optimization (VVO)
- High efficiency ceiling fans
- Real time electricity use feedback to consumers
- High efficiency consumer electronic products such as advanced smart power strips for residential customers
- Support for Net Zero Energy homes and buildings
- Residential and non-residential geotargeting.[6]

Geotargeting means programs that target customers in locations where there is high and/or particularly valuable energy savings potential. Geotargeting is especially of interest for customers on overloaded (or soon to be overloaded) distribution feeders where intensive energy efficiency and load management efforts could defer or possibly postpone costly distribution system upgrades.

Sincerely,

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Kevin Emerson
Energy Efficiency Program Director
UTAH CLEAN ENERGY

[6] ACEEE, 2017 Utility Energy Efficiency Scorecard, p. 33. See Table 18.