



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HEBERT
Governor

SPENCER J. COX
Lieutenant Governor

MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Lane Mecham, Utility Analyst

Date: June 18, 2018

Re: **Rocky Mountain Power's Demand-Side Management 2017 Annual Energy Efficiency and Peak Load Reduction Report**

Docket No. 18-035-19

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 2017 (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 the initial filing.

ISSUE

On May 18, 2018 the Company filed its DSM Annual Report for 2017. On May 18, 2017, the Commission issued an Action Request for the Division to review for compliance and make recommendations by June 18, 2018. The Commission subsequently filed a Notice of Filing and

Comment Period in this Docket requesting interested parties submit comments on or before June 18, 2018 with reply comments submitted on or before July 3, 2018. This memorandum represents the Division comments on the 2017 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 2017 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
- Appendix 5 – *wattsmart* Business Vendor Network
- Appendix 6 – Utah Program Evaluation Recommendations and Responses
- Appendix 7 – Utah DSM Outreach and Communications Year 8 Report
 - Exhibit A – 2017 Energy Efficiency Residential Research Questionnaire
 - Exhibit B – National Energy Foundation Be *wattsmart* 2017 Report
 - Exhibit C – Creative and News Stories
- Appendix 8 – Confidential Cost Effectiveness 2017 Utah Peak Reduction

Appendix 1 provides the revised Commission filing requirements as approved in Docket No. 17-035-04. 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 2017 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. Multiple measures in each portfolio fail the benefit/cost ratio tests but removal of failed measures removes the opportunity to provide some level of energy efficiency incentive to some ratepayer classes. The Division is cognizant of this and will monitor the programs and provide recommendations to the Commission as needed.

The 2017 DSM Annual Report indicates that based on the November 1, 2016 target numbers, the Program was below its Utah target of 384,010 MWh/year of energy efficiency and did not meet its estimated 135 MW of load management. 2017 actual achieved energy efficiency acquisitions were 372,945 MWh/year with realized load management reductions of 133 MW. The Company relies on the DSM Program in its Integrated Resource Plan (IRP) to reduce loads and lower costs. The Division acknowledges that the DSM Program provides value to RMP and its customers but is concerned about the reliance on a program that is having a difficult time achieving its targets.

At the beginning of 2017, the DSM balancing account showed an over-collected balance of \$4.4 million. By the end of 2017, the DSM balancing account reversed and was under-collected by \$4.4 million. On July 28, 2017, the Commission authorized a suspension of the DSM Surcharge because the account was projected to be over-collected by \$17.0 million at year-end². The Commission also approved, on a contingent basis, a rate of 3.68 percent of customer bills to be reinstated on December 1, 2017. However, on November 15, 2017, the Company filed an application to revise that rate down to 3.66 percent of customer bills and the Commission approved the proposed rate effective January 1, 2018.

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

² Advice No. 17-11, Schedule 193 Rate Suspension, Docket No. 17-035-T10, July 14, 2017, Page 1, “The DSM balancing account analysis reflected an over collection of \$11.9 million as of May 2017, and projected the balance to be over collected by \$17.0 million by December 2017, and \$28.9 million by December 2018, using current schedule 193 collection rates.”

CONCLUSION

The Division has reviewed the revised report and found that it complies with Commission requirements. Therefore, the Division recommends that the Commission acknowledge the Company's Revised DSM Annual Report for 2017 as complying with Commission Orders.

CC Michael Snow, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List