

July 19, 2019

Docket No: 19-035-22

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, Utah 84111

Re: **Docket No. 19-035-22—In the Matter of Rocky Mountain Power’s Demand-Side Management 2018 Annual Energy Efficiency and Peak Load Reduction Report**

On June 18, 2019 Rocky Mountain Power published its annual energy efficiency report for 2018. The document reports the company’s electricity savings, peak reduction results, energy efficiency budget, and program cost-effectiveness for Rocky Mountain Power’s Wattsmart program for 2018.

Utah Clean Energy and the Southwest Energy Efficiency Project are submitting these joint comments to highlight concerning trends that we believe are not in the public interest, recognize positive aspects of the Company’s 2018 program accomplishments, and compare Rocky Mountain Power’s 2018 program results to other utilities in the Southwest region.

The report shows overall decreases in electricity savings, participation, and investment in energy efficiency at a time when energy efficiency continues to be a cost-effective energy resource.

Cost and Cost-effectiveness

The report highlights that the Company implemented its energy efficiency programs at a lower levelized cost than previously, which is a positive trend. The levelized cost of electricity savings for total energy efficiency portfolio in 2018 was 2.54 cents per kWh, an improvement from 2017 (2.83 cents per kWh).^{1,2}

In addition, the report shows that energy efficiency and demand response remain a good investment for Utah ratepayers, saving over \$1.70 for every \$1 invested in energy efficiency; and

¹ 2018 Utah Energy Efficiency and Peak Reduction Annual Report, June 18, 2019. See Appendix 2, Utah Cost Effectiveness, , page 3, table 5, *found at* <https://pscdocs.utah.gov/electric/19docs/1903522/308805RedRMPDmdSideMngnt2018AnEngyEffPLoadRedReport6-18-2019.pdf>.

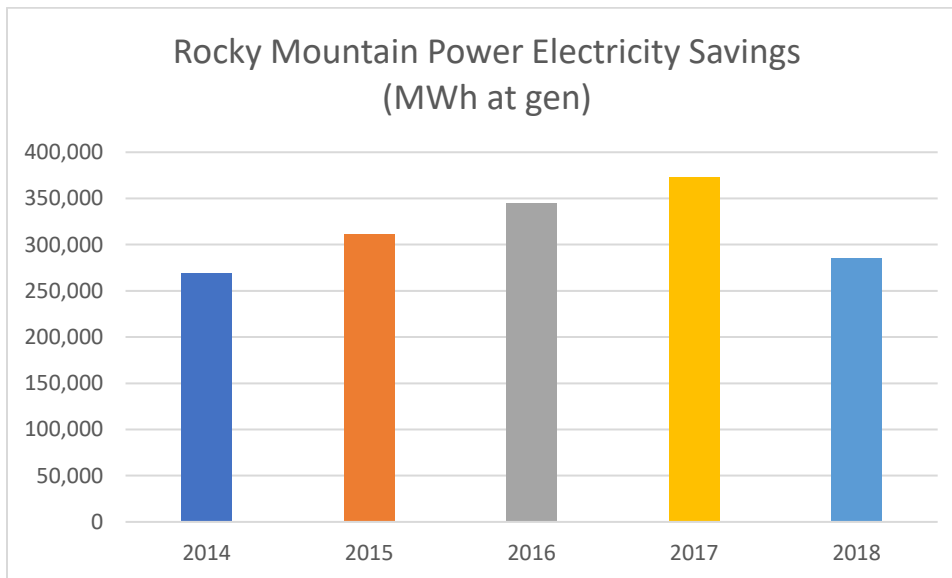
² 2017 Utah Energy Efficiency and Peak Reduction Annual Report, May 18, 2018, Appendix 2, Utah Cost Effectiveness, page 3, table 5, *found at* http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2017/Energy_Efficiency_and_Peak_Reduction_Report_2017.pdf.

saving nearly \$2.40 when demand response is considered too.³ Two programs that are especially cost-effective are the Low-Income Weatherization program, with a benefit/cost ratio of 2.6 under the UCT, and the Non-Residential program, with a benefit/cost ratio of 1.91 under the UCT.⁴

The low cost and positive cost-effectiveness show that energy efficiency continues to be an economic utility investment that is in the public interest.

Electricity Savings in 2018

Unfortunately, the report also shows that the overall electricity savings achieved through the Wattsmart program in 2018 was 284,684 MWh, a decrease of 24 percent compared to 2017 when the Company achieved 372,945 MWh.^{5,6} We are disappointed to see such a large decline in the amount of electricity savings achieved in 2018, represents a step back to the level of electricity savings from 2014 year ago (see table below).⁷



One reason driving decreased electricity savings was the decision made by the Company to discontinue incentives for commercial lighting on July 1, 2018. During the first half of 2018, like many utilities in the region Rocky Mountain Power’s commercial lighting programs were delivering greater savings than anticipated. However, instead of increase program savings goals and spending, Rocky Mountain Power discontinued incentives. While we are supportive that incentives for a number of commercial lighting measures have been restored, Rocky Mountain

³ See 2018 Report, *supra* note 1, Appendix 2, page 2, table 3.

⁴ See 2018 Report, *supra* note 1, page 31, table 23, and page 33, table 25.

⁵ See 2018 Report, *supra* note 1, page 8, table 3.

⁶ See 2017 Report, *supra* note 2, page 8, table 2.

⁷ Figures shows annual electricity saved in MWh at generator taken from Rocky Mountain Power’s annual DSM reports for each year.

Power's energy savings would have been much higher had these cost-effective programs remained in place throughout the year.

Wattsmart Program Participation

The report also shows that there was a trend toward reduced participation in the Wattsmart program in 2018 as compared to previous years. For example, over 3,000 fewer efficiency projects were implemented by non-residential customers as compared to 2017 (7,667 in 2017 versus 4,525 in 2018).^{8,9} We believe that, in part, this decrease resulted from the mid-year changes to the non-residential lighting program, which discouraged many customers from upgrading lighting systems during this time.

Efficiency Program Investment

The Company invested just over \$49 million in efficiency in 2018, a reduction from the \$56 million that the Company invested in 2017.^{10,11} We are concerned that this reduced financial investment in energy efficiency prevented more electricity-savings measures from being purchased and installed by Utah families and businesses.

The report notes that Rocky Mountain Power collected more funds than it invested in energy efficiency programs, with an overcollection of over \$13 million at the end of 2018.¹² This is concerning to UCE and SWEEP. We believe that the Company has an obligation to invest funds collected from ratepayers in cost-effective electricity savings programs and failing to invest all ratepayer funds in programs that are cost-effective is not in the public interest, especially given the low levelized cost for efficiency in 2018 and the positive portfolio cost-effectiveness, noted above. Had this \$13 million been invested in additional cost-effective energy efficiency programs, Utah ratepayers would have likely saved an additional 88 million kWh of electricity in 2018.¹³ This additional amount of electricity savings is significant; equivalent to the annual electricity consumption of 9,784 average Utah homes.

Regional Energy Efficiency Trends

While Rocky Mountain Power has decreased energy efficiency spending and delivered fewer energy savings to customers in 2018, many other utilities in the region have increased energy efficiency achievements and goals. These energy-savings increases are forecasted to continue over the next couple of years. The chart bellows shows energy efficiency program performance for five major utilities in the Southwest. The chart shows program performance relative to savings achieved in 2016 (2016 savings equals 100 on the chart), with data for 2016-2018 showing actual program performance, and data for 2019 and beyond showing approved energy efficiency goals, if applicable. All the major investor owned utilities have goals for 2019 and

⁸ See 2018 Report, *supra* note 1, page 34, tables 27 and 28.

⁹ See 2017 Report, *supra* note 2, page 36, tables 26 and 26.

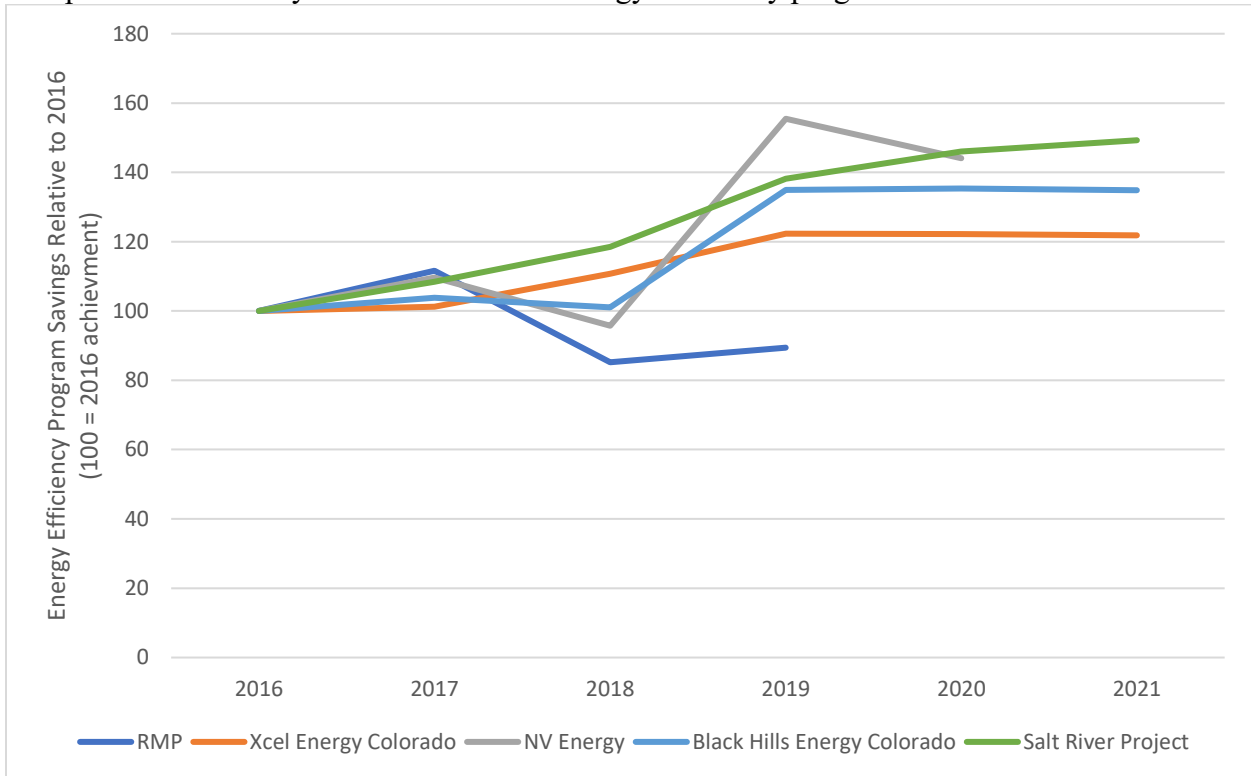
¹⁰ See 2018 Report, *supra* note 5.

¹¹ See 2017 Report, *supra* 6.

¹² See 2018 Report, *supra* note 1, page 12, table 4.

¹³ Assuming first year energy savings of \$0.148 per kwh saved as achieved by Rocky Mountain Power in 2018.

2020 that are over 20% higher than the energy efficiency savings achieved in 2016, with Salt River Project and NV Energy expecting savings over 150% higher than 2016 savings achievement in future years. These regional utilities are expanding energy efficiency programs, while maintaining robust cost-effectiveness providing significant benefits to customers. The fact that other utilities in the region are growing their energy efficiency programs indicates that this is also possible for Rocky Mountain Power’s energy efficiency programs in Utah.



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¹⁴ Savings for 2016-2018 come from Annual Reports for each utilities DSM programs. Rocky Mountain Power’s 2019 savings comes from the November 2018 DSM forecast. For other utilities 2019-2021 savings goals come from approved DSM Plans.



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Southwest Energy Efficiency Project

Demand Response

The report also shows that Rocky Mountain Power's residential load control program, called Cool Keeper, which was modified in 2018, is yielding positive results. The company reduced demand for electricity by 258 MW in 2018, an increase from 133 MW in 2017.^{15,16} The company did this by calling events for shorter periods of time, helping manage grid stability while also creating the capability of integrating increasing amounts of renewable energy on the electric grid. We applaud Rocky Mountain Power for the innovative use of its demand response resource, providing significant benefits to customers. Managing peak demand across Utah's electric grid is an important step toward incorporating greater amounts of renewable energy into the electricity portfolio. We support similar modifications and expansions of load control programs in the future.

Conclusion

Rocky Mountain Power achieved a lower levelized cost of electricity-saving and positive cost-effectiveness results in 2018. It also made important improvements that increased the positive impact of its load control program. Concerning results include a significant reduction in the amount of electricity savings in 2018 as compared to previous years, representing a rollback that Utah Clean Energy and SWEEEP believe is not in the public interest. We strongly encourage the Company to seek all cost-effective energy efficiency that exceeds the target identified in the IRP.

Sincerely,

/s/ Kevin Emerson
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/s/ Justin Brant
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¹⁵ See 2018 Report, *supra* 5.

¹⁶ See 2017 Report, *supra* 6.