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Department of Commerce

Division of Public Utilities

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Comments

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant

Date: April 8, 2019

Re: **Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program, Docket No. 19-035-T01**

Recommendation (Approval)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (RMP or Company) proposed changes to the Non-Residential Energy Efficiency Program.

Issue

On February 8, 2019, the Company filed modified tariff pages to Utah Tariff Schedule No. 140 Non-Residential Energy Efficiency Program requesting several measure changes to the tariff along with other clean-up changes.

Background

On February 25, 2019 and March 5, 2019, the Division provided comments supporting the Company's proposed changes to the Non-Residential Energy Efficiency Program. On March 8, 2019, the Commission suspended the tariff requesting additional analysis of the proposed

changes, specifically Lighting System Retrofit segregation and the program cost effectiveness analysis. The Commission's suspension included notice of a Scheduling Conference. On March 14, 2019, the Commission issued its Scheduling Order which included a Technical Conference on March 26, 2019; PacifiCorp supplemental filing due March 27, 2019; and party comments and reply comments due April 9, 2019, and April 16, 2019, respectively. This memorandum represents the Division's comments initiated by the Scheduling Order.

Discussion

The Company provided cost-effectiveness analysis for the program that included the proposed changes to the Non-Residential Program. The Company indicated in its filing that the proposed changes were anticipated to have the "same levels of cost-effectiveness as the prior incentive portfolio."¹ Based on informal and formal discussions with the Company, the Division understands this to mean that the Non-Residential DSM Program was cost-effective prior to this filing and it is anticipated to be cost-effective incorporating the proposed changes. Once a program is changed, the dynamics are changed and it is difficult, or near impossible, to compare the cost-effectiveness from one program year to the next. Comparing cost-effectiveness year over year is like comparing apples to oranges if program dynamics have changed. As proposed, if the anticipated program participation is achieved, the non-residential program will be cost-effective at the proposed incentive levels. The Company has provided analysis showing a possible 10% decrease/increase in customer program participation. The analysis indicates program cost-effectiveness at all participation levels.

Based on past performance of the lighting retrofit measure, the Company is proposing to segregate non-residential customers into small, medium, and large customer groups. The Company has shown that large customers are participating in the program and are fully engaged but small customers are lagging significantly behind. The change from kWh to watts and increasing the incentive amount from \$0.20 to \$0.55 for all non-residential customers is a small change that will result in increased incentives to all customer sizes.² But with the added

¹ Rocky Mountain Power's Proposed Changes to Schedule 140, Non-Residential Energy Efficiency Program, Page 3.

² Very large customers may see lower incentives at some levels.

segregation of customers and the increased incentive for small customers to \$0.75, small customer participation is anticipated to increase. An illustration of one proposed incentive change is shown below.³

Current Program				Proposed Program			
Customer Size				Customer Size			
	Small	Medium	Large		Small	Medium	Large
kWh reduced	1,456	13,832	42,333	watts reduced	560	5,320	16,282
Incentive	\$0.20	\$0.20	\$0.20	Incentive	\$0.75	\$0.55	\$0.55
	\$291	\$2,766	\$8,467		\$420	\$2,926	\$8,955

Non-residential customers appear to be better off with the proposed program change even with customer segmentation. This of course is a simple illustration but is indicative of the portfolio. The Company provided additional analysis of the proposed segmentation change in the Technical Conference held on March 26, 2019, and in its supplemental filing. The Division understands that there may be a few high use customers that may have a reduced incentive based on the change but overall the majority of non-residential customers benefit. The Division recommends the Company provide to the Steering Committee, a report detailing customer participation by segregated size to help determine if the desired effect is being achieved. The Division would also like to see reporting on those large customers receiving a reduced incentive based on the change from kWh to watts. The Division, as part of the Steering Committee, will monitor the program performance and provide recommendations to the Commission if warranted.

³ Assumes: Small customer-Interior Lighting-New Fixture-Non-Prescriptive-Basic Controls incentive with 40 fixtures at 14 watts reduced per fixture and 2,600 annual hours of operation, where medium and large customers are 9.5 and 29 times as large, respectively.

	Fixtures		Annual # of hours operating		Wattage reduction per fixture		Convert to kWh		
Small	40	X	2600	X	14	÷	1000	=	1,456 kWh Reduced
	40		X		14			=	560 watts reduced
Medium	380	X	2600	X	14	÷	1000	=	13,832 kWh Reduced
	380		X		14			=	5,320 watts reduced
Large	1163	X	2600	X	14	÷	1000	=	42,333 kWh Reduced
	1163		X		14			=	16,282 watts reduced

Demand Side Management (DSM) programs are designed to promote energy efficiency or conservation. There are diverse programs included in DSM designed to meet specific needs of RMPs differing customer base. Not all programs are available to every customer but specific programs or measures are available to all customers. For example, a measure or incentive available to a low-income residential customer may not be the same measure or incentive available to other residential customers. Schedule No. 140 states, “Eligible facilities of similar size, operations and ability to participate will be treated in a fair and consistent manner in respect to participation under this schedule.” The DSM Steering Committee works to ensure all customers have the opportunity to participate in the DSM program.

Conclusion

The Division recommends the Company provide the following to the DSM Steering Committee:

1. A report on customer participation by segregated customer size to help determine if small customer participation increases with the proposed changes.
2. A report on what large customers, if any, are receiving a reduced incentive based on the change from kWh to watts.

The Division continues to believe that the proposed changes are cost-effective and consistent with the Commission’s goals to promote cost-effective DSM programs that are just and reasonable and in the public interest. Therefore, the Division recommends the Commission approve the Company’s proposed modifications to Electric Service Schedule No. 140.

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