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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Service
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: April 8, 2019

Subject: Proposed Tariff Revisions to Electric Service Schedule No. 114, Air Conditioner Peak Management Program (Cool Keeper Program). Docket No. 19-035-T05.

Background

On March 22, 2019, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) Advice No. 19-06 – proposing revisions to Schedule 114, Cool Keeper Program (Program). The Company requests an effective date of April 22, 2019, for the proposed tariff changes.

Also, on March 22, 2019, the Commission issued a notice of filing and comment period allowing interested parties to submit comments regarding the proposed changes on or before April 8, 2019, and reply comments on or before April 15, 2019. In keeping with the Commission's schedule the Office provides the following comments.

Proposed Program Changes

Proposed changes to Schedule 114 range from modifying the structure of the tariff to adding an applicable rate schedule. The Company states that these tariff changes align with the 2019 MW savings forecast (115 MW) and the 2019 budget forecast ($6,300,000) presented in the Company's 2019 Budget and Savings Forecast from its November 1st Report. Following is a brief discussion of the proposed changes and the Office's recommendations.

Tariff Structure

The Schedule 114 Cool Keeper tariff is a demand response program available for participation by customers in specified rate schedules. The Company proposes to restructure Schedule 114 to be an umbrella tariff that can incorporate potential future demand response measures and to rename Schedule 114 “Load Management Program”. Cool Keeper would remain a measure under the Load Management Program title of Schedule 114. By making this change other cost effective demand response measures can be added in the future.

The Office agrees that this change should increase the ease with which future demand response measures can be added, although future measures may be better utilized with different dispatch criteria. The Office believes that it is appropriate that the new structure maintains the Cool Keeper identity as one of the specific measures, which has years of name recognition. This change is also in keeping with other demand side management programs such as Schedule 140 with a number of specific measures under the Non-Residential Energy Efficiency Program heading.

Applicable Rate Schedules

The Company proposes to add Schedule 2E, Residential Service – Electric Vehicle Time-of-Use Pilot Option, to the list of rate schedules permitted to participate in Schedule 114. Schedule 2E was approved in Docket No. 16-035-36 and the Office agrees it should be added to the applicable rate schedules for this demand response offering.

Dispatch Period

The dispatch period allowed in Schedule 114 is June 1st through August 31st. The Company proposes to change the dispatch period to May 1st through September 30th as this will allow utilization of the program during the period when air conditioning is contributing to system load. The proposal also includes extending the available dispatch hours by one hour from 8:00 pm to 9:00 pm, resulting in the available dispatch hours 2:00 pm to 9:00 pm. The Company states that with renewables becoming a larger percentage of its generation portfolio there may be a need to utilize demand response later in the evening.

The Office supports the proposed modifications to the dispatch period and agrees that extending both the months and hours allowed for dispatch should increase the benefits provided by Cool Keeper. As discussed later an increase in the incentive credit is proposed as compensation for the extended dispatch period.

The current tariff allows the Company to expand the dispatch criteria in the event of a system emergency. The proposed tariff adds language to clarify and define when these emergency events may be used to satisfy requirements of the North America Electric Reliability Corporation standard for Contingency Reserve Obligation and that the Program may be used when the utility is experiencing a qualifying event. The Company concludes that these changes will allow the Company to more effectively utilize the load control resources with minimal impact on participating customers and provide benefits to other customers.

The Office recommends that the Company be required to provide information in the Annual DSM report identifying how often this resource is deployed to meet emergency needs during such qualifying events.

Incentive Structure

Similar to other current DSM programs, the proposed incentive structure includes identifying the Maximum Incentive with an “up to” amount rather than specific incentive levels. The Company asserts this will also be beneficial as other demand response measures may be added in the future. The table below shows the proposed maximum incentive levels and the incentive level proposed in this filing. The proposed incentive level is a 50% increase over the current incentive offering. This increase seems appropriate as the dispatch period is extended.

Load Management Program	Participating Equipment	Maximum Incentive “up to”	Initially Offered Incentive
Cool Keeper	Air Conditioners – Level 1	$40 annually	$30
	Air Conditioners – Level 2	$80 annually	$60

The payment for participation in Cool Keeper has been a one-time credit on participants’ November bills; prorated for customers that do not participate for the full term. The Company now proposes to provide monthly bill credits for each month of participation, suggesting that this will provide increased awareness and increased customer satisfaction with the program.[1]

The Office does not dispute the Company’s assertion that a monthly credit will provide a reminder of program participation and may feel like a more immediate reward for participation, particularly since it will likely be a credit during higher bill months. However, we have some concern that, although well intentioned, this change could actually increase customer dissatisfaction or at least increase the number of customer calls regarding the program. Our concern arises from the way the Company’s billing system will show the monthly credit on bills. Because the number of days in any particular customer’s billing cycle will likely not precisely match a calendar month, on the first and last month of the dispatch period customers may see a credit related to the Cool Keeper incentive of either under or over the $6 per month (for level 1 ACs) incentive offering. This could result in increased calls to the Company’s call center, the Division’s customer

[1] Customers may opt out of two or less called events and will receive a prorated bill credit for those months. Any customers who opt out of more than two called events are automatically unenrolled from the Program. Customers may cancel their participation in the program at any time.

service staff and perhaps to the Commission.[2] It should also be noted that due to the variance in monthly billing cycles over the five months of the Program some customers will receive slightly more than the $30 credit, but the Company asserts no customer will receive less.[3]

The Office does not oppose the monthly bill credit scheme as proposed by the Company but asserts that the Company and Division should track any customer calls received related to this issue so that it can be re-evaluated prior to next year's dispatch period. The Office has no objection to the potential slight over payment to customers as a result of the billing system's limitations. The Company indicated that the total over payment amount should have no impact on the cost effectiveness of the Program.

The Office further recommends that the Company modify the Schedule 114 tariff to include a description of the new monthly incentive credit design.

Cost-Effectiveness

The Company provided its confidential cost-effectiveness analysis for expected participation and sensitivity analyses for high participation and low participation. The Company's analyses indicate that the Program is expected to remain cost effective from the UCT perspective under all three circumstances.

OCS Additional Comments

The Office has reviewed the Company's filing and cost effectiveness reports provided as attachments to the filing and we support the proposed Program changes. The Office suggests that the Company continue to assess ways in which participation in the Cool Keeper program can be increased. Additionally, as suggested in the Company's filing the Company should continue to look for and evaluate other demand response options that can provide benefits to the system

Recommendation

The Office recommends that the Commission approve the Company's proposed revisions to Electric Service Schedule No. 114, Cool Keeper Program effective April 22, 2019.

The Office further recommends that:

1) the Company be required to report on the number of times the Cool Keeper Program is deployed to meet emergency needs during qualifying events;

[2] The proposed dispatch months align with the residential customer summer rate months, thus customers may be somewhat accustomed to seeing differences in their first and last month bill during that period although the bill credit differences will likely be more noticeable.

[3] The average customer bill credit is anticipated to be $30.08 due to the billing system's limitations. [Application page 3]

2) the Company and the Division track any customer complaints they receive in regard to the monthly bill credit; and
3) the Company modify the Schedule 114 tariff to include a description of the new monthly credit design.