



# State of Utah

## Department of Commerce Division of Public Utilities

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## Comments

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Paul Hicken, Technical Consultant

**Date:** June 22, 2020

**Re:** **Docket No. 20-035-27**, Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report.

## Recommendation (Acknowledge)

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 2019 (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 June 1, 2020 the Company filed its DSM Annual Report for 2019. The Commission issued an Action Request on June 1, 2020, asking the Division to review the report for compliance and make recommendations. On June 2, 2020, the Commission issued a Notice of Filing and Comment Period allowing interested parties to submit comments on the filing by July 1, 2020

with reply comments due July 16, 2020. This memorandum represents the Division's comments on the 2019 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 2019 DSM Annual Report along with supporting Appendices 1 through 8.

Appendix 1 – Report Requirements

Appendix 2 – Cost Effectiveness

Appendix 3 – Utah Measure Installation Verifications

Appendix 4 – *wattsmart* Homes Retailers 2019

Appendix 5 – Trade Ally Contractors (*wattsmart* Business Vendors)

Appendix 6 – Utah Program Evaluation Recommendations and Responses

Appendix 7 – Utah DSM Outreach and Communications Year 10 Report

Exhibit A – 2019 Energy Efficiency Residential Research Questionnaire

Exhibit B – National Energy Foundation *Be wattsmart* 2019 Report

Exhibit C – Creative and News Stories

Appendix 8 – Confidential Cost Effectiveness 2019 Utah Peak Reduction

Appendix 1 provides the Commission filing requirements as revised and approved in Docket No. 19-035-22. The comments provided by the Division do not reference every Commission filing requirement and lack of comment on an issue indicates the Division acknowledges the filing requirement has been met.

The 2019 DSM Annual Report contains information on the performance and activities within each program, as well as the cost-effectiveness test results.

The Company, on behalf of its customers invested \$53.3 million in energy efficiency and peak reduction resource acquisitions during the reporting period. The investment yielded

approximately 272,385 megawatt hours (MWh) in first year energy savings. Net benefits based on the projected value of the energy savings over the life of the individual measures are estimated at \$132 million.<sup>1</sup>

The DSM Annual Report indicates that Peak Reduction programs achieved a total of 247 MW of maximum potential demand reduction in 2019. The reduction to load management is the result of the Company's cycling change to the Cool Keeper Program. There were 19 control events initiated in 2019. During the 2019 control season, the Company modified cycling strategy for events approximately 30 minutes or less. For short events, the cycling strategy was modified to a 100% cycling compared to a 50% cycling for longer events. The modified cycling strategy is allowing the program to curtail significantly more load over shorter periods of time without creating a negative customer experience."<sup>2</sup>

Cost-effectiveness test results cover overall portfolio level, program level (residential and non-residential programs), and at a high level by measure category. The DSM Annual Report indicates that the DSM portfolio passed four of the five standard cost effectiveness tests with a ratio of 1.00 or better as a passing mark. The utility cost test (UCT) ratio was 2.11, the total resource cost test (TRC) ratio was 1.84, the total resource test plus 10 percent (PTRC) ratio was at 2.03, and the participant cost test (PCT) ratio was 2.57.<sup>3</sup> The DSM portfolio did not pass the ratepayer impact cost test (RIM)<sup>4</sup> with a ratio of 0.99 because of a reduction in sales. Higher cost-effectiveness results on the portfolio level are primarily attributable to the change in the Cool Keeper Program cycling as noted above. On a program level, the Non-Residential Program primarily *wattsmart* Business, had a decrease in customer participation due to stringent

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<sup>1</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 5.

<sup>2</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 20.

<sup>3</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 6.

<sup>4</sup> 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.

requirements for incentives and only passed cost-effectiveness tests of PCT and UCT.<sup>5</sup> The Residential Program also passed cost-effective standards for the UCT and PCT. The Residential Program cost-effective test result for PTRC and TRC was 0.67 and 0.61 respectively. The Company indicates that marginal cost effectiveness for the TRC and PTRC is largely due to the reduction in avoided costs calculated in the 2017 IRP and increased customer reported costs for specific measure groups in *wattsmart* Homes program.<sup>6</sup> Multiple measure categories 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 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 currently provides value to RMP and its customers but is concerned that decreasing decrement values in the last few IRPs are creating an obstacle to the cost-effectiveness analysis. The Division is cognizant of this and will monitor the programs and provide comments and recommendations in the Steering Committee and to the Commission as needed.

At the end of 2018, the DSM balancing account showed an under-collected accrual based balance of \$13.1 million. During the 2019 year, monthly program costs totaled \$51.6 million and monthly net accrued costs totaled \$2.1 million. For the same period the monthly rate recovery totaled \$53.4 million and carrying charges totaled \$1.5 million. By the end of 2019, the DSM balancing account showed an under-collected accrual based balance of \$14.3 million.<sup>7</sup>

The Division noted previously that the line loss values used to calculate savings and cost-effectiveness were the same for multiple years. The Company acknowledged that the line loss

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<sup>5</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 44.

<sup>6</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 25.

<sup>7</sup> Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report. Page 13.

study is important and they anticipate having it updated sometime in 2020, but as of this report date it was not completed.<sup>8</sup>

## **Conclusion**

The Division has reviewed the report and found that it complies with Commission requirements. Therefore, the Division recommends that the Commission acknowledge the Company's DSM Annual Report for 2019 as complying with Commission Orders.

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

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<sup>8</sup> Docket No. 19-035-22-Rocky Mountain Power's Reply Comments, Dated 8-5-19 to DPU Response, Page 1.