



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission

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

Date: June 30, 2020

Subject: In the Matter of Rocky Mountain Power's Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report – Docket No. 20-035-27.

On June 1, 2020 Rocky Mountain Power (RMP) filed with the Public Service Commission (the PSC) its Demand-Side Management (DSM) 2019 Annual Energy Efficiency and Peak Load Reduction Report (2019 Report). The PSC requires RMP to file an Annual Energy Efficiency and Peak Load Reduction Report between May 1 and June 1 each year.

On June 2, 2020, the PSC issued a Notice of Filing and Comment Period establishing July 1 and July 16, 2020 as the dates by which parties may submit comments and reply comments, respectively. In keeping with the established schedule following are comments of the Office of Consumer Services (OCS).

Reporting Requirements

Reporting requirements for the Annual Energy Efficiency and Peak Load Reduction Report were revised and approved in the Commission's Order issued February 16, 2017, in Docket No. 17-035-04. Generally, the Office's review of the 2019 Report was to determine if the Commission's reporting requirements were met.

Appendix 1, below, taken from the 2019 Report provides a list of report requirements and where within the 2019 Report each is located.

Appendix 1
Page 2 of 2

Report requirements were revised and approved pursuant to the Commission's Order issued August 6, 2019, in Docket No. 19-035-22.

Requirement No.	Description	Report Reference
1.	The Company will file the Annual Report between May 1 and June 1.	
2.	The Company shall report Class 1 capacity reduction, estimated Class 2 megawatt savings during system peak, and Class 2 megawatt-hour savings achieved, all compared against the Integrated Resource Plan targets and forecast targets submitted in the applicable DSM November 1 st Deferred Account and Forecast Report. ¹	Table 2, Page 7
3.	In the executive summary, include the lifetime megawatt-hour savings in addition to first year megawatt-hour savings.	Page 5
4.	The Company shall clearly state for each program and measure whether all reported savings are ex-post or ex-ante.	Pg. 5, footnote 2; pg. 8, footnote 13
5.	The Company shall accurately and clearly report all cost effectiveness test results at the portfolio and sector level in addition to the program and measure category levels.	Appendix 2
6.	The Company shall perform cost effectiveness tests using avoided costs from planned assumptions.	Appendix 2
7.	The Company shall provide cost effectiveness results with associated decrement values and program expenditures for the year's performance of the Company's Class 1 programs, subject to the confidentiality requirements of Utah Administrative Code R746-100-16.	Confidential Appendix 8
8.	For Class 1 programs, capacity reduction will be reported in megawatts.	Pg. 7, Tables 2, 3, and Peak Reduction section
9.	The Company shall provide Class 1 program data regarding loads available for curtailment, actual curtailment achieved, and program expenditures.	Peak Reduction section
10.	The Company shall include published evaluations that have not previously been provided in an Annual Report, and also include a schedule of current and upcoming evaluations.	Evaluation section
11.	The Company shall submit process and impact evaluation and annual reporting costs at the sector level for the cost effectiveness tests.	Appendix 2

¹ Pursuant to the Phase I Stipulation filed August 3, 2009, in Docket No. 09-035-T08, and approved in the order dated August 25, 2009, in the same, the Company must provide a forecast of expenditures for approved programs and their acquisition targets for the next calendar year by November 1st of each year.

OCS finds Appendix 1 helpful in locating the required information within the 2019 Report and was generally able to find the information as listed in the report reference section.

Regarding Requirement No. 9, "The Company shall provide Class 1 program data regarding loads available for curtailment, actual curtailment achieved, and program expenditures", the Report Reference is the Peak Reduction section.

OCS agrees that most of the Requirement No. 9 information can be found in the Peak Reduction section. However, Class 1 programs are given a pass / fail for the cost benefit analysis with no costs specified. OCS understands that this is due to the confidential information necessary to perform the analysis and has no objection to the use of pass / fail in this section. We note that program expenditures are provided in confidential Appendix 8 and recommend that for better clarify in future reports confidential Appendix 8 be added to the Report Reference section of Appendix 1 for Requirement No. 9.

Clarification of Appendix 1 Reference

At Appendix 1, directly above the Table of Report Requirements, RMP states "Report requirements were revised and approved pursuant to the Commission's Order issued August 6, 2019, in Docket No. 19-035-22". OCS further notes that footnote 1 in the 2019 Annual Report reads: "Appendix 1 provides specific requirements for Docket No. 17-035-04 and where they are located in the annual report and appendices." OCS believes that the footnote reference to Docket No. 17-035-04 is accurate for Appendix 1.

The August 6, 2019 "order" referenced by RMP was an acknowledgement letter from the PSC regarding the 2018 report. The acknowledgement included several recommendations made by OCS and the Division of Public Utilities (DPU) for future reports.

OCS points out this discrepancy in the docket numbers related to Appendix 1 in order that that recommendations made by OCS and DPU, accepted by RMP, and acknowledged by the PSC in Docket No. 19-035-22 are not forgotten as they are not identified on Appendix 1 in the 2019 Report. OCS further recommends that in its next annual report, RMP include in Appendix 1 or elsewhere in the report the commitments made in Docket No. 19-035-22.

RMP Commitments made in Docket No. 19-035-22.

OCS was able to locate explanations and clarifications in the 2019 Report related to the recommendations made by OCS¹ and accepted by RMP in Docket No. 19-035-22.

The DPU recommended that RMP update the line loss analysis for the demand side management program every five years. In reply comments in Docket No. 19-035-22 RMP stated that it was currently working towards updating its line loss study and anticipated it would be completed in 2020. OCS understands that the line loss study is not yet completed and anticipates that the results of the study will be included in the 2020 report.

Cost Effectiveness Tests

At page 16 of the 2019 Report the following discussion of cost effectiveness is provided:

“Program cost effectiveness is performed using a Company specific modeling tool, created by a third party consultant. The tool is designed to incorporate PacifiCorp data and values such as avoided costs, and generally follows the methodology specified in California’s Standard Practice Manual. The analysis assess the costs and benefits of DSM resource programs from different stakeholder perspectives, including participants and on-participants, based on four tests described in the Standard Practice Manual (TRC, UTC, PCT and RIM) as well as an additional fifth test, PTRC. Utah observes the UTC as the primary cost effectiveness test.”

Guidehouse provided the cost effectiveness analysis for PacifiCorp. Guidehouse states that cost effectiveness was tested using 2017 IRP decrement values for all measure categories. Appendix 2 contains the estimated cost-effectiveness for the overall energy efficiency portfolio and component sectors, as well as the Utah Home Energy Savings Program, the Home Energy Reporting Program, Low-Income Weatherization, and Wattsmart Business Program.

The Benefit/Cost Ratios by Portfolio Type for 2019 are as follows:

¹ Some recommendations made by OCS in Docket No. 19-035-22 were not relevant to the 2019 Report but may be appropriate in future reports.

Table 3 - Benefit/Cost Ratios by Portfolio Type

Portfolio Type	PTRC	TRC	UCT	RIM	PCT
DSM Portfolio	2.03	1.84	2.11	0.99	2.57
Total Energy Efficiency Portfolio	0.85	0.77	1.49	0.39	2.28
C&I Programs	0.98	0.89	1.55	0.41	2.48
Residential Programs	0.67	0.61	1.51	0.35	1.98

For comparison, the following Table is from the 2018 Report:

Table 3 - Benefit/Cost Ratios by Portfolio Type

Portfolio Type	PTRC	TRC	UCT	RIM	PCT
DSM Portfolio with Load Control Programs	2.37	2.15	2.39	0.98	3.28
Total Energy Efficiency Portfolio	1.10	1.00	1.73	0.38	3.05
C&I Programs	1.25	1.14	1.88	0.41	3.10
Residential Programs	0.88	0.80	1.59	0.33	2.94

With the exception of the RIM test which shows a very slight improvement² the benefit/cost ratios of all portfolios under all measures have declined in 2019 over 2018 results. At page 25 the description for Residential Programs notes that the marginal cost effectiveness for the TRC and PTRC is largely due to the reduction in avoided costs calculated for the 2017 IRP.

Regardless of the general decline in the benefit/cost ratios the portfolios pass the UCT. However, the OCS will continue to monitor these ratios and anticipates the Steering Committee will do the same.

2019 Performance Compared to Forecast

The following Table 2 provides a comparison of RMP's November filing to actual savings achieved.

² The C&I category RIM remains the same as in the 2018 Report.

Table 2
2019 Forecast to Actual Savings Comparison

Utah 2019 DSM Programs	2017 IRP for 2019 (Gross - at Gen)		2019 Forecast (Gross - at Gen)		2019 Actual (Gross - at Gen)	
	MWH	MW	MWH	MW	MWH	MW*
Class 1 - Load Control Programs						
A/C Load Control		115		115		202
Irrigation Load Control		20		20		N/A
Total Class 1		135		135		202
Class 2 - Residential Programs						
Low Income	N/A	N/A	180	0	283	0
Home Energy Reports	N/A	N/A	48,500	9	36,310	7
wattsmart Homes	N/A	N/A	61,365	12	64,287	12
Total Residential Class 2	N/A	N/A	110,045	21	100,880	19
Class 2 - Non-Residential Programs						
wattsmart Business	N/A	N/A	188,675	36	171,505	33
Total Non-Residential Class 2	N/A	N/A	188,675	36	171,505	33
Total Class 2	255,190¹²	49	298,720	57	272,385	52
Total Class 2 Forecast Estimated Savings Range with Home Energy Reports First Year Savings			283,784 - 313,656			
Total Class 2 with Home Energy Reports Incremental Savings Only			242,430 - 267,949	48	236,076	45

Class 1 Programs actual performance was better than the November 2019 forecast, even though the Irrigation program was not called due to low power prices and the need for day ahead notification.

During the 2019 control season, the Company modified the cycling strategy for events approximately 30 minutes or less. The cycling strategy was modified to a 100% cycling for short events compared to a 50% cycling for longer events. The modified cycling strategy allows the program to curtail more load over shorter periods of time without causing a negative customer experience. The program can be called upon with no notification which increases the value and flexibility of the resource and allows the program to be utilized for frequency response and contingency reserve

obligations. The incentive amount was also increased for the 2019 season. These changes appear to have strengthened the results provided by the program.

Class 2 Programs underperformed in both the Residential and Non-Residential categories.

Changes made to Wattsmart Business program in 2018 likely contributed to the decline seen in 2019. In 2018 it was determined that significant energy savings could be achieved through lighting controls, thus Wattsmart Business required all customers to include lighting controls in incentivized lighting projects. Unfortunately customer participation decreased more than anticipated. On April 23, 2019 the PSC approved RMP's request to make program adjustments and provide incentives specific to customer size classification (small, medium or large) in an effort to increase customer participation and savings. Small and medium sized customers were allowed to receive lighting incentives for projects that do not include lighting controls. The number and diversity of lamps and fixtures eligible for midstream (point of purchase) incentives also increased. RMP and the DSM Steering Committee continue to evaluate ways to increase participation and energy savings in the program.

Peak Load Reduction

RMP reports results of approximately 272,385 MWh in first year energy savings and 2,833,872 MWh of lifetime savings from 2019 energy acquisitions and maximum realized reductions associated with peak management activities of approximately 202 MWh. Peak Reduction programs achieved a total of 247 MW of maximum potential demand reduction (gross at generation) in 2019.

DSM Balancing Account (Schedule 193)

At December 2018 the DSM balancing account had an over-collected accrual based balance of \$13,057,310. During 2019 RMP incurred program costs of \$51,648,796 and monthly net accrued costs of \$2,066,639 million. In that same period rate recovery was \$53,432,808 with carrying charges of \$1,532,043, thus resulting in an over-collected balance of \$14,306,725 at December 2019. RMP and the DSM Steering Committee continue to monitor this account and if deemed appropriate may suggest modifications later this year.

General Comments

OCS found the 2019 Report to be informative and generally easy to follow and understand. The annual reports are also useful to help identify areas of interest or concern for future DSM Steering Committee meetings.

There are a few areas of the 2019 Report where OCS has sought minor clarification through data requests. OCS may provide reply comments based on the responses it receives from RMP.

Recommendation

OCS recommends that the PSC acknowledge the Demand-Side Management 2019 Annual Energy Efficiency and Peak Load Reduction Report as complying with PSC report requirements.

Copies to: Rocky Mountain Power
Jana Saba
Michael Snow

Division of Public Utilities
Artie Powell