



December 2, 2020

Docket No: 20-035-31

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. 20-035-31 – Rocky Mountain Power’s Semi-Annual Demand-Side Management (DSM) Forecast Reports

Introduction

The Southwest Energy Efficiency Project (SWEEP) and Utah Clean Energy (UCE) appreciate the opportunity to comment on Rocky Mountain Power’s (RMP) Annual Demand Side Management (DSM) Forecast Report. The forecast report proposes a Class 2 DSM target of approximately 291 GWh of energy savings in 2021.¹ As shown in Table 1, the 2021 forecast continues to decrease the amount of savings from Class 2 DSM resources that began in 2018. In addition, the 2021 forecast includes a large increase in savings from the Home Energy Reports (HER) program compared with 2020, and a decrease in savings from the wattsmart Homes and wattsmart Business programs.

While 2020 has been a challenging and unpredictable year due to the impacts of the COVID-19 pandemic, there is no evidence that the need or appetite for energy efficiency programs in Utah has diminished. Many DSM programs throughout the region continue to meet or exceed established DSM savings targets during this time. The pandemic has also put an added strain on many businesses and residential customers of RMP who are having difficulty paying electricity bills. Energy efficiency can provide much needed bill savings to these customers. Given this increased need, now is not the time to cut savings targets generally or to shift away from traditional Class 2 measures.

In addition, Class 2 DSM continues to be one of the lowest cost resources available to RMP to meet customer load. With the increased focus on the behavioral HER program, SWEEP and UCE believe that the proposed target is not consistent with the Class 2 DSM levels approved in the 2019 RMP Integrated Resource Plan (IRP).

¹ 2021 DSM Forecast Report, Attachment 1.

Table 1. RMP Class 2 DSM Achievement (MWh)²

	2017	2018	2019	2020 (Forecast)	2021 (Forecast)
Low Income	256	223	283	178	178
Home Energy Reports	55,274	39,282	36,310	36,010	65,591
wattsmart Homes	86,478	65,116	64,287	67,071	53,566
Residential Total	142,008	104,622	100,880	103,259	119,335
Non-Residential	230,937	180,063	171,505	197,987	172,506
Total Class 2	372,945	284,684	272,385	301,246	291,840
HER savings as a fraction of the Residential Total	39%	38%	36%	35%	55%

RMP’s Increased Reliance on Behavioral Energy Efficiency Programs is Concerning

SWEEP and UCE support behavioral energy efficiency programs, including RMP’s HER program, as a complement to a robust set of DSM program offerings. Since 2017, RMP’s HER program has never exceeded 40% of the Class 2 residential saving. The HER program averaged 37% between 2017 and 2020, which we believe is a reasonable level of savings from residential behavioral programs relative to the overall portfolio of programs. However, as part of its November 2021 Forecast, RMP is proposing that the HER program should provide 55% of the residential savings total.

The RMP HER program has a measure life of one year. That is to say, energy savings realized by customers enrolled in the program will stop once participation ends. The HER program stands in stark contrast to all other RMP residential DSM programs, which achieved an average measure life of 13 years in 2019.³ When a customer replaces a piece of inefficient equipment in their home with an energy efficient alternative, the more efficient equipment will continue to provide energy savings for the life of the equipment. Since HER program savings stop once the customer ends their participation in the program, savings from this kind of behavioral program are not as long-term or stable as savings from other Class 2 technologies.

² Data for 2016-2019 come from the RMP Energy Efficiency and Peak Reduction Reports. Data for 2020 and 2021 are from the November Forecast report for each year, respectively.

³ Rocky Mountain Power Energy Efficiency and Peak Reduction Report, 2019, PY2019 Utah Cost-Effectiveness Results – Home Energy Savings, Page 2 of 6.



SWEEP and UCE believe that a shift to the HER program providing over 50% of residential savings is moving to an over-reliance on behavioral programs. The result is that longer-lived DSM measures would be replaced with HER savings with a much shorter, less predictable life span. In other words, RMP is now prioritizing short term savings that are far less likely to meet the Company's long-term resource needs. HER programs should be supplementary to the more long-lived standard DSM programs rather than comprising over 50% of the residential sector savings.

The Class 2 DSM Target from the Forecast is Inconsistent with the DSM Resources Identified in the IRP

In addition to our concerns about the over-reliance on the HER program, SWEEP and UCE believe that the shift in resources to the HER program is not consistent with the Class 2 DSM resources called for in the 2019 IRP.⁴ Over the past few years, PacifiCorp has been setting DSM targets based on the results of its IRP modeling. The Company claims that the IRP is the appropriate venue to determine the acquisition of DSM as a lowest-cost resource.⁵ The 2019 IRP called for approximately 254,120 MWh of DSM resources for Utah in 2021.⁶ The Class 2 DSM resources included in the Conservation Potential Study and selected within the IRP modeling in 2019 did not include savings from residential behavioral energy efficiency programs.⁷ Instead, behavioral energy efficiency savings were included within the baseline load forecast.⁸ The IRP model selected bundles of non-behavioral DSM measures with a significantly longer and more predictable measure life than the HER program. Just as you could not switch out a solar resource for a wind resource without disrupting the integrity and balance of the preferred portfolio, you cannot exchange traditional Class 2 DSM measures with a behavioral measure because the two resources have different savings and reliability profiles.

Given the difference between behavioral programs like the HER and traditional Class 2 DSM measures, and the fact that the 2019 IRP did not include behavioral programs in its Class 2 target, HER savings should not be considered when evaluating the consistency of the forecast

⁴ Docket No: 19-035-02, PacifiCorp's 2019 Integrated Resource Plan, *found at* <https://psc.utah.gov/2019/01/28/docket-no-19-035-02/>.

⁵ Docket No. 18-035-27, PacifiCorp's Reply Comments filed on December 18, 2018, page 1, *found at* <https://pscdocs.utah.gov/electric/18docs/1803527/305890RMPReplyComm12-18-2018.pdf> ("Given that the Integrated Resource Plan ("IRP") is the source for determining appropriate levels of DSM acquisition as a lowest-cost resource, the IRP process is an appropriate forum for UCE to discuss energy savings levels and to address their concerns with IRP recommendations").

⁶ See Table D.4 – Incremental Energy Efficiency Resource Selections (2019 IRP Preferred Portfolio), from 2019 IRP Volume II, Appendices A-L, page 72: <https://www.pacificorp.com/energy/integrated-resource-plan.html>.

⁷ PacifiCorp Conservation Potential Assessment for 2019-2038, Volume 2: Class 2 DSM Analysis, page 9, *found at* https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/2019-final-study/PacifiCorp_DSM_Potential_Vol_2_Class_2_Report_Final_2019-6-30.pdf ("Existing (Home Energy Report) potential is already captured in the baseline and not modeled").

⁸ *Id.*



report with the 2019 IRP. This is the only way to ensure an “apples to apples” comparison between the forecast and the 2019 preferred portfolio. Without considering HER savings, the Company’s proposed 2021 savings forecast is 226,249 MWh (Total Class 2 291,840 minus HER 65,591), which falls significantly short of the value from the 2019 IRP.⁹ In addition, the IRP identifies a suite of investments necessary to meet long-term resource needs. By substituting short-lived behavioral program savings for longer-lived Class 2 DSM resources from the IRP, RMP may be required to invest in higher-cost alternative resources to replace the DSM measures that have not materialized as contemplated in the 2019 IRP.

Conclusion

HER behavioral programs provide an important energy efficiency benefit to RMP customers, but it should not represent most of the residential Class 2 savings in Utah. Behavioral efficiency savings are inherently less predictable and more short-lived than their more traditional Class 2 counterparts. Further, RMP argues that the IRP is the appropriate venue to set Class 2 DSM targets, and while SWEEP and UCE do not agree with this approach, we believe that, at a minimum, RMP should view the resources identified in the IRP as a floor for DSM program investments in like-for-like resources. As such, RMP should procure Class 2 DSM resources to meet this Class 2 DSM IRP baseline target. The IRP is not selecting behavioral measures to satisfy the Class 2 DSM portfolio. While we recognize that RMP does not need to procure the exact Class 2 measures identified in the IRP, the utility should procure the same *type* of DSM resources for each DSM category to maintain the integrity of the IRP’s preferred portfolio over the long-term. Therefore, the Company should develop a plan to procure at least 254,120 MWh without considering savings from the HER. We ask the Commission to direct the Company to work with the DSM Steering Committee to develop a plan to meet this level of Class 2 DSM resources in 2021.

Sincerely,

/s/ Justin Brant
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Southwest Energy Efficiency Project

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Energy Efficiency Program Director
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CC: Michael Snow, Rocky Mountain Power
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⁹ As detailed in the Comments of SWEEP and UCE on the 2019 IRP, we believe this value already significantly underestimates the amount of cost-effective DSM resources available to the Company. In addition, we do not believe that the IRP is the appropriate venue to determine total levels of DSM acquisition in Utah, but should be an instructive guide to help RMP plan for resource procurement, which is how the IRP is used for all other resources.