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To: The Public Service Commission of Utah

From: The Office of Consumer Services

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Subject: Docket 21-035-16 Comments

In the Matter of: Collaborative Stakeholder Process for Rocky Mountain Power's Grid Modernization and Rate Design

INTRODUCTION

In the March 17, 2021 Scheduling Order, the Utah Public Service Commission ("PSC") established a collaborative stakeholder process related to Rocky Mountain Power's ("RMP") grid modernization and rate design. The Order provided that RMP should submit on May 3, 2021 an informational filing on, at least, the Advanced Metering Infrastructure ("AMI") Project and the Advanced Rate Design ("ARD") plans and schedule. The PSC, also, held a technical conference on May 10, 2021 and invited comments on RMP's Informational Filing ("Filing") on May 24, 2021.

In accordance with the PSC's Order, the OCS submits these comments on RMP's Informational Filing.

As a preliminary matter, the OCS suggests that this effort may benefit from presentations at a technical conference giving an overview of changing rate design for the future given the changes in resource mix and other customer preferences.¹ Further, the OCS proposal primarily envisions work group meetings that would start with information exchange and could proceed into settlement-like discussions. OCS is equally supportive of having the meetings more focused on information exchange scheduled as technical conferences that would include commissioners and PSC staff.

¹ The Regulatory Assistance Project may be appropriate to invite for this purpose given their publication of a new rate design manual last year, Electric Cost Allocation for a New Era.

GRID MODERNIZATION

RMP's Filing is utility centric and does not focus on providing customers benefits or service options. For example, RMP is not allowing customer's the ability to give third parties permission to get load data from RMP. This is a basic service that should be provided. Another example is that RMP is not activating the home area network for its customers. In order to have a meaningful and efficient implementation of grid modernization plans, RMP needs to provide more details on the timeline of investments and work with stakeholders to ensure that customer benefits are evaluated and implemented in a timely manner. The OCS recommends the following objectives and processes for the collaborative on grid modernization.

Phase 1a: Additional transparency for major system investments

Objective

The clear objective is to determine the sequencing and timing of all major grid investments. Equally important is the determination of ratepayer benefits that will be created, and when these benefits will actually be realized in rates? RMP provides a very broad timeline for significant grid investments in Figure 1 of its Filing. However, RMP provides no discussion of the circumstances that will trigger any of these investments. In theory, once the benefits for ratepayers are greater than the costs, RMP should be making these investments. However, RMP does not explain its decision criteria, in particular how ratepayers are considered in determining the timing of grid investments.

A good example is the investment in Interactive Volt-Var Optimization ("IVVO"). There are multiple ways to implement IVVO, and having better transparency will help show the incremental benefit to ratepayers. Investment in IVVO is affected by avoided fuel costs, and as such the timing of the investment is important. It is of greater benefit to customers to front load these investments when potential avoided fuel cost benefits are higher. This demonstrates why timing of investments is important to customers and should be refined through this collaborative process. Stakeholders need to understand what is driving RMP's decision process and be able to provide input on companion programs that should be implemented to maximize benefits of grid investments for consumers.

Proposed Process

OCS proposes that this process begin with at least one work group meeting focused on the topic of timeline and sequencing so that RMP and stakeholders can better understand the key objectives from multiple viewpoints.

Phase 1b: Address specific requirements and technology issues

Objective

To increase stakeholder understanding of specific technical capabilities and specific technology choices made by RMP.

Proposed Process

The OCS requests that the following topics be explicitly discussed at an appropriate time in the collaborative.

- To what extent smart inverters are currently required and with what default settings; additional operational considerations could be addressed at a later date.
- Green Button Connect-My-Data is the current industry standard – Green Button Download My Data is outdated approach. Is there any reason that Home Area Network activation would not be available from Day 1 of AMI rollout- to allow for standardized sharing of customer data with third parties in an intuitive and user friendly interface?
- OCS would like to better understand RMP's switch from Itron's Open Way AMI system for Idaho and Utah to the old Silver Spring Gen5 system warrants further investigation. What prompted this change? What are the differences between the capabilities in the two systems?

Future Phases

There are other important issues related to grid modernization should be considered for collaboration beyond the confines of this docket. These include:

- Additional operational capabilities of smart inverters. (For example: what additional steps are necessary for compliance with IEEE 15-47-2018 which outlines the performance, operation, testing, safety considerations and maintenance of the interconnection and interoperability between distributed energy resources ("DER") and utility electric power systems ("EPS").
- How to enable flexible demand-side resources. RMP references distributed resources ("DR") and electric vehicles ("EV") and their ability to provide value to the grid, but in all of the very expensive investments outlined in its 'plan'

there is nothing explicit to enable communication and dispatch ability of DER/DR.

ADVANCED RATE DESIGN

There is little dispute between RMP and other stakeholders with regard to ARD and the necessary technology to implement. However, it is clear that pilot programs and education are necessary sooner rather than later. The data from pilot programs will facilitate the ARD implementation when the technology is finally in place. The OCS recommends the following.

Phase 1: Medium and Large Commercial & Industrial (“C&I”) ARD²

Objective

Determine the types of default and optional ARDs that will be offered to medium and large customers, including irrigation customers. It should also be determined the improvements to default and optional tariffs. For example, narrowing TOU periods, evaluating on peak to off peak energy ratios, and ensuring that generation and transmission demand charges are designed with coincident peaks in mind, rather than non-coincident peaks. Pilot programs to be offered should be established, as well as the timeline of the pilots. Pilots should be offered as metering functionality becomes available (immediately, if currently available), and not delayed until RMP’s next rate case. Because pilot programs can be made to be revenue neutral, there is no need to wait until a rate case to implement.

The anticipated outcome from the collaborative effort would include a Stakeholder report that details RMP’s action plan for C&I ARD, which should at a minimum include the following.

- The objective of each pilot explicitly explained.
- What is being tested clearly stated.
- A detailed evaluation and assessment plan explaining how the hypothesis will be tested.
- A description of how and when the pilot will be scaled to a full customer offering.

² ARD is inclusive of demand response offerings. However, each pilot or rate should have a clear purpose and be capable of scaling.

The OCS also supports a report including the specific timing of the AMI rollout and how it will coincide with C&I ARD. The report would consider the following.

- How pilot programs should be designed to enable broad and timely participation from Medium and Large C&I customers.
- How RMP will enhance and improve data access for C&I, as well as other customers.

Proposed Process

The OCS envisions that the stakeholder collaboration on Medium and Large C&I ARD can probably be addressed in four work group meetings, with all parties willing to share analysis relied upon in the respective rate design proposals. The schedule could look something like the following.

Work group meeting 1:

- A high-level discussion of rate designs with possible modifications explored during the work group.
- Identify data and information needs to meet objectives.
- RMP to provide information on any functional limitation with respect to advanced rate designs for medium and large customers, including critical peak pricing (“CPP”), direct load control, partial service offerings (i.e., firm and non-firm demand)

Work group meeting 2:

- RMP will present ideas for rate design proposals and modifications to the current tariffs.

Work group meeting 3:

- Stakeholders will present alternative rate design and proposals for additional analysis.

Work group meeting 4:

- Parties discuss to determine common ground for pilot programs.

Phase 2: Residential TOU and Optional Tariffs

Objective

RMP and stakeholders should determine the group's perspectives on a Residential TOU rates. For example, should Residential TOU rates be default or opt-in rates? What kind of Residential TOU pilot programs should be pursued and on what timelines? What kind of consumer education is necessary and how would it be pursued? Additionally, other ARD offerings for the residential class could be evaluated. For example, whether a residential TOU rate is appropriate for EV charging as opposed to a separate tariff.

The collaborative should work toward a consensus document detailing specific elements of a Residential TOU pilot program.

Proposed Process

The stakeholder collaboration on Residential TOU ARD can probably be addressed in three work group meetings with all parties willing to share analysis relied upon in the respective rate design proposals. The schedule could look something like the following.

Work group meeting 1:

- RMP will present a proposal for Residential TOU pilot program.

Work group meeting 3:

- Stakeholders will present alternative Residential TOU pilot program and proposals for additional analysis.

Work group meeting 4:

- Parties discuss to determine common ground for Residential TOU pilot programs.

Additional Notes

The OCS believes that future efforts should evaluate monitoring and measuring utility performance as advanced rate designs are implemented. Metrics should be created to monitor RMP's performance in the area of rate design and demand response. It may be appropriate for each pilot and/or scaled offering to incorporate some performance metrics.

COST OF SERVICE

In the Filing, RMP expressed that not discussing the need to modernize RMP's cost of service methodologies, and specifically unbundling, would be a "significant opportunity" missed. The OCS agrees that this collaborative would be a useful opportunity to further discuss some of the cost of service issues. OCS notes that the current embedded cost model used by RMP has little temporal variation and RMP's "unbundling" approach seemed to step further away from temporal variation by referencing costs as "fixed." There should be a discussion of temporal cost causation and how to incorporate the concept into the ratemaking process.

Objective

RMP should provide more explanation regarding the objective and applications of RMP's unbundling proposal. For example, it should demonstrate specifically how unbundling will help inform the Community Renewable Program as well as how it would operate with a future expansion of residential TOU rates and how it may impact future DER compensation approaches.

Proposed Process

The stakeholder collaboration on Cost of Service could be addressed in several work group meetings, with agendas as follows;

Work group meeting 1:

- RMP presents its objectives for unbundling, and explains how unbundling will work with (and possibly facilitate) the Community Renewable Program and future TOU rates.

Work group meeting 2:

- Stakeholders to present views on unbundling and potential alternatives to RMP methodology.

Work group meeting 3:

- Discussions to find common ground.

CONCLUSION

The OCS believes the paramount objective of the stakeholder collaborative is to determine the sequencing and timing of all major grid investments, and when the

ratepayer benefits will be realized in rates. This will facilitate the design and implementation of pilot programs that will then provide the information necessary to inform Advanced Rate Design efforts. After the timeline is better understood, the OCS proposes the other topics and meetings to utilize this workgroup to build understanding (and potentially consensus) among the stakeholders of important cost of service and rate design issues.

cc: Docket 20-035-04 Service List