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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director

Alex Ware, Utility Analyst

Date: July 7, 2022

Subject: Docket 22-035-27

In the Matter of: Rocky Mountain Power's Demand-Side Management (DSM) 2021 Annual Energy Efficiency and Peak Load Reduction Report

INTRODUCTION

On June 7, 2022, Rocky Mountain Power (RMP) submitted a filing to the Public Service Commission of Utah (PSC) of its 2021 Demand Side Management (DSM) Energy Efficiency and Peak Load Reduction Annual Report. This followed RMP receiving a one-week extension from the PSC to file the report. On June 14, 2022, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit comments about the filing on or before July 7, 2022 and reply comments on or before July 22, 2022. The Office of Consumer Services (OCS) provides the following comments pursuant to that schedule.

BACKGROUND

In its report, RMP states, "this report provides details on program results, activities, and expenditures of the DSM Cost Adjustment Tariff Rider ("Schedule 193") as of the reporting period from January 1, 2021, through December 31, 2021."¹ In addition to its 21-page report, RMP also includes a list of relevant reporting requirements in Appendix A, cost effectiveness reports of its energy efficiency programs (prepared by its external consultants) in Appendix B, and cost effectiveness reports of its peak reduction programs (prepared by its external consultants) in Appendix C.

¹ Docket No. 22-035-27, RMP DSM 2021 Annual EE and PL Reduction Report, p.3.

In 2021, RMP's DSM portfolio included the following programs:

Energy Efficiency Programs:

- Wattsmart Homes
- Home Energy Reports
- Low Income Weatherization
- Wattsmart Business

Peak Reduction Programs:

- Irrigation Load Control
- Cool Keeper
- Wattsmart Batteries

REPORTED DSM EXPENDITURES AND ENERGY SAVINGS

For the 2021 program year, RMP reports total program expenditures of about \$62.1 million. Further breakdown of this total shows energy efficiency program expenditures of about \$53.5 million and peak reduction program expenditures of about \$6.6 million. Other portfolio expenditures, such as outreach & communications and evaluations, totals about \$2.0 million. RMP provided the following Table 2, which summarizes expenditures and estimated resulting energy savings by program area:

Table 2: Program Results for January 1, 2021 – December 31, 2021¹¹

Load Management Programs	MW/Yr. Savings (at site)	MW/Yr. Savings (at gen)	Program Expenditures
Cool Keeper	253	270	\$ 5,634,080
Irrigation Load Control	13	14	\$ 55,812
Wattsmart Batteries	5.7	6	\$ 862,600
Total Load Management	272	290	\$ 6,552,491
Energy Efficiency Programs	kWh/Yr. Savings (at site)	kWh/Yr. Savings (at gen)	Program Expenditures
Low Income Weatherization	117,132	124,578	\$ 135,386
Home Energy Reporting	99,934,969	106,287,835	\$ 1,405,011
Wattsmart Homes	61,643,606	65,562,291	\$ 17,132,968
Total Residential	161,695,707	172,165,806	\$ 18,673,365
Total Wattsmart Business	165,527,021	174,857,981	\$ 34,844,792
Total Energy Efficiency	327,402,409	347,023,787	\$ 53,518,157
Other Portfolio Expenditures			
Outreach and Communications			\$ 1,246,711
Portfolio - EM&V Non-Residential			\$ 363,467
Portfolio - EM&V Residential			\$ 138,939
Portfolio – DSM Central			\$ 228,237
Portfolio Potential Study			\$ 5,990
Portfolio TRL			\$ 13,397
Total Other Portfolio Expenditures			\$ 1,996,741
Total Utah Program Expenditures			\$ 62,067,389

REPORTED COST-EFFECTIVENESS

RMP relies on an external consultant, Applied Energy Group (AEG), to process RMP-provided input data and provide written deliverables of cost/benefit metrics. RMP considers the consultant's peak reduction program deliverables confidential while the energy efficiency program deliverables are not. Table 13, as presented in RMP's annual report and included here in our comments, shows the cost-effectiveness results provided by the Company.

Table 13: 2021 Cost Effectiveness Results by Program¹²

Program	Benefit/Cost Test				
	PTRC	TRC	UCT	PCT	RIM
DSM Portfolio	2.55	2.32	2.70	3.01	1.04
Energy Efficiency Portfolio	1.56	1.42	2.55	2.73	0.55
Non-Residential Energy Efficiency Portfolio	1.30	1.18	2.30	2.51	0.51
Residential Energy Efficiency Portfolio	2.24	2.04	3.30	3.15	0.62
Wattsmart Homes	1.64	1.49	2.51	2.77	0.49
Home Energy Reporting	14.32	12.93	12.93	n/a ¹³	1.50
Low Income Weatherization	19.21	17.47	2.35	n/a ¹⁴	0.63
Wattsmart Business	1.30	1.18	2.30	2.51	0.51
Irrigation Load Control Program ¹⁵	Pass	Pass	Pass	n/a	Pass
AC Load Control Program ¹⁶	Pass	Pass	Pass	n/a	Pass
Wattsmart Battery Program ¹⁷	Pass	Pass	Pass	n/a	Pass

As shown in the above figure, RMP reports that its DSM portfolio is cost-effective overall across all cost/benefit metrics; most notably a 2.70 result for the utility cost test (UCT), that is primarily utilized in Utah. RMP also reports that all individual energy efficiency and peak reduction programs pass the UCT test as they are over one. Again, the peak load program outcomes are considered confidential, so they are only scored with a "pass" in the table. Lastly, we do have concern with the UCT score reported for the Home Energy Report this year and will discuss that in the next section.

OCS ANALYSIS AND COMMENTS

Analysis of Home Energy Report's Large Increase in Cost-effectiveness

The OCS reviewed RMP's 2021 DSM annual report filing and the attached appendices – both public and confidential. Generally, the OCS is encouraged to see benefits of the individual programs substantially outweigh the costs. However, the UCT score for the Home Energy Report (HER) seems unusually high this year and strains credibility. Therefore, in addition to our review of this year's annual report, the OCS conducted a trend analysis, as seen next in OCS Table 1, of reported HER results starting from the 2019 DSM program year.

OCS Analysis Table 1 – Home Energy Report Metrics

Program Year	2019	2020	2021	'19 to '21 % Change
Utility Cost Test	1.75	3.57	12.93	639%
Costs	\$ 858,307	\$ 1,063,863	\$ 1,405,011	64%
Benefits	\$ 1,506,300	\$ 3,795,514	\$ 18,161,714	1106%
Net Benefits	\$ 647,993	\$ 2,731,651	\$ 16,756,703	2486%
Net kWh savings	33,214,620	67,613,670	99,934,969	201%
Participation	290,896	590,000	493,000	69%

As shown in our analysis, the HER benefits reported by RMP for the 2021 program year are significantly higher in comparison to the benefits reported for 2019 and 2020 – an increase of over 1100 percent since 2019. However, it is unclear from RMP's 2021 annual report and attachments why the benefits are so much greater than prior years. The relative increases in other metrics since 2019, such as kWh savings and participation, do not seem to explain the large magnitude increase in the reported value of benefits. This is concerning to the OCS and we recommend the PSC require RMP to provide additional information in this immediate docket on how it calculated HER benefits, including evidence supporting the extreme increases in cost-benefit results. The 2021 HER benefit value needs to be either well justified or corrected. In addition, the OCS intends to request that RMP further address this issue with stakeholders during the next meeting of the DSM Steering Committee.

Comments on Home Energy Report's Impact on Forecasted Energy Savings

On page 14 of its 2021 annual report, RMP provides a table of the comparison of forecast and actual savings. At the bottom of this table, RMP lists two ranges of total forecast energy savings: 1) with HER first year savings, and 2) with only HER incremental savings. RMP provides no explanation to describe the differences in calculations or to justify which value is the appropriate measurement. This confusion further calls into question the validity of the savings numbers associated with the HER program. The OCS recommends that the PSC require RMP to provide an explanation of these different forecasts in this docket and justify which values are appropriate to use going forward. The OCS also intends to request that RMP further address this issue with stakeholders during the next meeting of the DSM Steering Committee.

² Docket 20-035-27, RMP DSM 2019 Annual EE and PL Reduction Report, June 1, 2020, p. 31, 62
Docket 21-035-33, RMP DSM 2020 Annual EE and PL Reduction Report, May 28, 2021, p. 6, 38.

RECOMMENDATIONS

The OCS recommends that the PSC require RMP to provide the following:

- more information in this immediate docket on how Home Energy Report benefits are calculated,
- evidence justifying the extreme increase in cost-benefit results,
- explanation regarding the differences between forecasts with HER first year savings or with only HER incremental savings, and
- justification for which forecast is appropriate for ongoing use.

The OCS recommends that the PSC not acknowledge the 2021 DSM annual report until these issues have been better explained.

cc:

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Service List