

Hunter Holman Utah Bar No. (15165)  
Utah Clean Energy  
1014 2<sup>nd</sup> Ave.  
Salt Lake City, UT 84103  
(801) 363-4046  
hunter@utahcleanenergy.org  
*Attorney for Utah Clean Energy*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

---

**In the Matter of Rocky Mountain Power’s  
Demand-Side Management 2021 Annual  
Energy Efficiency and Peak Load Reduction  
Report**

**Docket No. 22-035-27  
Comments from Utah Clean Energy &  
Southwest Energy Efficiency Project**

---

On June 7, 2022, Rocky Mountain Power (“RMP”) filed its 2021 Annual Energy Efficiency and Peak Load Reduction Report (“Annual Report”). The Public Service Commission (“Commission”) issued a notice allowing interested parties to file comments by July 7, 2022, and reply comments on July 22, 2022. Utah Clean Energy (“UCE”) and the Southwestern Energy Efficiency Project (“SWEEP”) appreciate the opportunity to provide the following comments and recommendations. In sum, UCE and SWEEP commend RMP for operating a very cost-effective portfolio of energy efficiency and demand response programs. Given how cost-effective the programs are, we believe the programs are not being used to their full potential. As a result, benefits are being left on the table to the detriment of customers. We recommend that the Commission direct RMP to include a list of actions designed to increase the savings from cost-effective programs to maximize customer benefits. Additionally, we are requesting additional information regarding the Home Energy Report Utility Cost Test cost/benefit score of 12.93, specifically explaining how the program is so cost-effective relative to previous years.

**I. Rocky Mountain Power’s 2021 energy efficiency and demand response programs show increased energy savings and continued cost-effectiveness**

In its 2021 Annual Report, RMP highlights the performance of the company’s energy efficiency and load management programs for the year 2021. Utah Clean Energy and SWEEP consider the 2021 program year to be successful and commend RMP’s effort to continue investing in cost-effective DSM resources.

The energy savings that RMP achieved on behalf of its customers in 2021 is 347,024 MWh (gross, first-year savings), a 3% increase over the savings level achieved in 2020. In addition to exceeding its 2020 saving, RMP’s energy savings in 2021 vastly exceeded the Class 2 DSM target from the 2021 IRP as well as the November Forecast for the year 2021. RMP achieved this level of savings with a total investment of \$62.1 million, about \$2 million less than its expenses from 2020.

RMP's demand response programs realized a total peak reduction of 290 MW, an increase over 2020. The company's peak reduction capacity is largely driven by its residential demand response program. Of note, RMP's demand response capacity reduction in 2021 also significantly exceeded its targets from the 2021 IRP and previous November forecast.

RMP's DSM investments continue to be highly cost-effective, with an overall benefit/cost ratio of 2.73 for energy efficiency programs and 2.70 when also accounting for demand response programs, under the utility cost test ("UCT"). Commercial and industrial programs implemented in 2021 have a benefit/cost ratio of 2.3 and residential programs have a benefit/cost ratio of 3.3, also under the UCT. Utah Clean Energy and SWEEP commend RMP for achieving an increased level of energy efficiency in 2021, at a lower cost, and in a manner that is highly cost-effective for the utility and its ratepayers in Utah.

**II. The Commission should direct Rocky Mountain Power to include a list of actions for increasing the savings from its energy efficiency and demand response programs if the cost effectiveness of the programs is above 1.**

Utah state law requires electric utilities regulated by the Public Service Commission to procure energy efficiency when it is cost effective and when it would produce just and reasonable rates. Generally, it is the state's energy policy that "Utah will pursue energy conservation, energy efficiency, and environmental quality."<sup>1</sup> Further, the Commission must ensure that the rates RMP charges its customers are just and reasonable, which includes encouraging "methods of reducing wide periodic variation in [energy] demand . . . and means of encouraging conservation of resources and energy."<sup>2</sup>

The Commission established a method to measure whether the customer benefits of an efficiency program outweigh the costs based on an analysis of the five economic tests identified in the California Standard Practice Manual, with a particular emphasis on the UCT.<sup>3</sup> Under these tests, when the cost savings ratio is 1.1 or more, customers save money as a result of the program. RMP must use the UCT as a baseline to determine the amount of energy efficiency procured each year because, by definition, a program with a benefit/cost ratio of greater than 1.0 using the UCT will save customers money by reducing the utility's revenue requirement.

In the past, RMP has argued that the IRP should be the tool that sets the cost-effective amount of savings for any given year,<sup>4</sup> but there is no authority for this conclusion in Utah law. The IRP does not measure the actual programs operating in Utah, nor does it analyze cost-

---

<sup>1</sup> Utah Code Ann. § 63M-4-301(1)(e).

<sup>2</sup> Utah Code Ann. § 54-3-1.

<sup>3</sup> Docket No. 09-035-27, Order issued on October 7, 2009, page 14.

<sup>4</sup> Docket No. 19-035-22, RMP's Reply Comments on August 5, 2019, page 2, ("The IRP is the source for determining appropriate levels of DSM acquisition as a lowest-cost resource. The Company's intent is to manage the DSM portfolio to achieve the savings recommended by the IRP"); Docket No. 18-035-27, RMP's Reply Comments on December 18, 2018, page 1, ("[T]he Integrated Resource Plan ("IRP") is the source for determining appropriate levels of DSM acquisition as a lowest-cost resource... The Company's intent is to manage the DSM portfolio to achieve the savings recommended by the IRP").

effectiveness under any test other than the UCT. And although the Commission has noted that annual forecasts should be *compared* to IRP targets, we should expect forecasted amounts and actual savings to deviate from IRP efficiency savings based on real-world factors.<sup>5</sup>

The IRP should not be used to set a hard cap on the cost-effective amount of efficiency savings in any given year. In a 2012 filing, RMP explained this point to the Commission. When explaining why actual and forecasted savings exceeded IRP savings, RMP noted:

[t]he Company's 2012 Class 2 forecast . . . (250,000 MWH) is based on current program level forecasts provided by our delivery vendors as well as Company forecasts informed by measurable commercial and industrial efficiency projects at various stages of completion, as well as prospective new projects, all expected to be realized in 2012. Actual results for 2011 will be close to 243,000 MWH, an increase over the Company's initial 2011 Class 2 forecast in Utah of 211,016 MWH (forecast provided in the November 1, 2010 filing). The 2011 results, as well as 2012 forecast is not meant to suggest that the Company has under represented Class 2 DSM opportunities in Utah but rather is setting out to acquire those opportunities at a rate faster than that assumed in each of the Company's last two IRP Preferred Portfolios – an appropriate behavior under a responsible resource planning process.”<sup>6</sup>

It is appropriate for RMP to procure as many actual cost-effective savings as possible, even if those savings exceed forecasted or IRP amounts. This is because the real-world, real-time variables affecting each program present a far more accurate depiction of the possible cost-effective efficiency savings for a given year. Whereas the relatively controlled environment of the IRP is limited to using assumptions about the availability and cost for energy efficiency measures outside the context of our actual programs.

Further, the IRP has never been intended to identify specific resources or amounts for actual procurement. Subsequent procurement and approval proceedings determine what resource types and in what amounts the utility should build for the benefit of customers. The IRP Guidelines state that the IRP is a planning tool designed to weigh many different options in search of the optimal resource portfolio. The PSC has never interpreted the IRP as a tool that identifies specific Company resource acquisition decisions. “Acknowledgment of the IRP means the filed IRP complies with regulatory requirements with regard to the planning process, but conveys no sense of regulatory approval of specific Company resource acquisition decisions.”<sup>7</sup>

---

<sup>5</sup> Docket No. 10-035-57, Public Service Commission Order issued on December 21, 2011, page 6 (“The Company shall also explain factors leading to deviations from the IRP targets and, when such deviations result in a forecasted amount which is lower than IRP targeted savings, the Company shall explain its contingency plans for acquiring replacement resources”).

<sup>6</sup> Docket No. 10-035-57, Supplemental Filing from Rocky Mountain Power on January 11, 2011, page 3.

<sup>7</sup> Docket No. 05-2035-01, Public Service Commission Order issued on July 21, 2005, page 3; Docket No. 11-2035-01, Public Service Commission Order issued on March 22, 2012, pages 3-4; Docket No. 13-2035-01, Public Service Commission Order issued on January 2, 2014, page 5; Docket No. 15-035-04, Public Service Commission Order issued on January 8, 2016, page 6.

All supply-side resources must go through additional prudency determinations, and all energy efficiency and demand response programs must go through an approval process separate from the IRP. For energy efficiency programs, the procurement and prudency process is the program approval and annual report showing achieved savings and cost-effective score from each active program. If a program is exceptionally cost-effective, it is reasonable to assume that the program is not meeting its full potential for cost savings and that achievable energy savings are likely be “left on the table”. Looking at an example of another resource may help shed light on why it is important to maximize the potential savings from energy efficiency programs. If the utility procured a 200 MW solar resource, but refrained from taking the maximum amount of energy from this resource, the result would be a reduction in energy (benefits) requiring the utility to procure additional resources to fill the deficit, making the overall portfolio more expensive. Energy efficiency programs are not materially different. Energy efficiency and demand response programs, by definition, save customers money when they operate cost-effectively. In Utah, cost effectiveness is measured when the programs achieve a score of 1.1 or more when balancing the five cost-effectiveness tests, with the UCT as the threshold test.

In future annual reports, RMP should provide remedial steps explaining how they will increase efficiency savings through its existing programs or new programs to fully maximize customer savings. In its 2021 Annual Report, RMP reported that the total portfolio savings score is 2.70, with the lowest individual program achieving a cost effectiveness score of 2.30 under the UCT. RMP clearly has room to increase costs associated with its energy efficiency programs that will increase incremental efficiency savings and customer savings. The annual report is the appropriate venue for this discussion because the Commission explicitly included a requirement into the annual review process that “for programs achieving less than a 1.0 benefit/cost ratio, a list of remedial actions for improving program performance should be provided.”<sup>8</sup> While the Commission did not explicitly require a similar list of actions for programs achieving a benefit/cost ratio of over 1.0, the intent was to use the annual reporting process as a forum for evaluating portfolio and program performance and for making any necessary recommendations to maximize customer benefits.

For the foregoing reasons, RMP should be required to provide a list of actions intended to maximize customer benefits when the energy efficiency portfolio and programs have a cost-effectiveness rating of over 1.1.

### **III. Rocky Mountain Power should explain why the UCT benefit/cost test for the Home Energy Report program is substantially higher this year than in previous years.**

Lastly, UCE and SWEEP recommend that RMP provide additional information to explain why the Home Energy Report (“HER”) has a UCT benefit/cost score that is substantially higher than in previous years. As UCE and SWEEP have said several times in previous filings, we are supportive of the HER as a valuable part of RMP’s portfolio of energy efficiency programs. However, we do not want the efficiency savings from their portfolio of programs to become overwhelmingly reliant on the HER at the expense of traditional technology based efficiency measures.

---

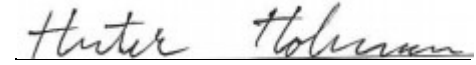
<sup>8</sup> Docket No. 09-035-27, Public Service Commission Order issued on October 7, 2009, page 14.

#### **IV. Conclusion**

In sum, UCE and SWEEP commend RMP for administering a cost-effective set of energy efficiency and demand response programs, and recommend:

- That the Commission direct Rocky Mountain Power to include a list of actions for increasing the savings from its energy efficiency and demand response programs if the cost effectiveness of the programs is above 1; and
- That Rocky Mountain Power explain why the UCT benefit/cost score for the Home Energy Report program is substantially higher this year than in previous years.

Thank you for the opportunity to provide comments.



Hunter Holman  
Utah Clean Energy  
Staff Attorney

cc:

Jana Saba, Rocky Mountain Power  
Emily Wegener, Rocky Mountain Power  
Michael Snow, Rocky Mountain Power  
Chris Parker, Division of Public Utilities  
Michele Beck, Office of Consumer Advocate