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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager
Brenda Salter, Utility Technical Consultant Supervisor
Paul Hicken, Technical Consultant

Date: November 8, 2022

Re: **Docket No. 22-035-27**, Rocky Mountain Power's Compliance Filing Pertaining to the Demand Side Management (DSM) 2021 Annual Energy Efficiency and Peak Load reduction Report.

Recommendation (Acknowledge)

The Division of Public Utilities (DPU or Division) recommends that the Public Service Commission (PSC or Commission) acknowledge Rocky Mountain Power's (RMP or Company) Compliance Filing letter of October 25, 2022, as it complies with the Commission's request from August 26, 2022, to provide further explanation of the method for calculation of the benefits associated with the Home Energy Reporting (HER) program.

Issue

On October 25, 2022, the Company filed a Compliance Letter with the Commission, providing further information regarding the method of calculation for the benefits associated with the HER program. The Commission issued an Action Request for the Division to review the filing and make conclusions and recommendations by November 25, 2022. This memorandum represents the Division's comments on the Company's Compliance Letter.

Division of Public Utilities

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Background

In its 2021 DSM Energy Efficiency Report, the Company reported a utility cost test (UCT) of 12.93 for the HER program. This meant that program benefits were approximately 12.93 times greater than costs. This UCT score was a 639% increase over 3 years and seemed unusually high. Further review showed that while the HER program costs increased from \$858K to \$1.4M from 2019-2021, the estimated benefits increased significantly from \$1.5M to \$18.1M, a 1106% increase. In their Acknowledgement Letter dated August 26, 2022, the Commission directed RMP to explain the method of calculating the benefit and why it was so different from previous years, and whether the implementation of the expanded program was consistent with the assumptions of the deemed savings study RMP reported earlier. It also directed RMP to discuss the issues in the next DSM Advisory Group and Steering Committee meetings.

Discussion

In 2012, the original design of the HER program implemented a Randomized Control Trial (RCT) to determine savings. As the program grew over time and the number of participants increased, separate and unique treatment and control groups were created to measure energy savings. By 2019 the HER program had reached participation levels that made the RCT method not feasible. Consequently, an alternate method was needed to determine program savings.

The Company requested the Cadmus Group, LLC (Cadmus) to assess whether a deemed savings approach could be implemented. Cadmus found the Company's RCT method provided accurate estimates of the HER program's historical savings and an accurate trend to estimate future savings. This suggested that deemed savings based on past savings estimates could be used to measure future program savings. The deemed savings values were obtained from regression-based savings estimates and vary by customers' pre-treatment and length of treatment. The Company implemented a deemed savings approach in July 2020 and has continued with the same frequency and cadence since that time.

As requested by the Commission, on September 20, 2022, the Company held a meeting to discuss the HER program issues with the DSM Advisory Group and DSM Steering

Committee. The discussions covered HER deemed savings values, avoided costs, and cost effectiveness, incremental versus first year energy savings, and how HER is accounted for in the Integrated Resource Plan. The Company also discussed the HER program evaluation for the 2020-2021 period.

Conclusion

The Division has reviewed the Company's Compliance Letter and found that it answers the questions presented by the Commission. Therefore, the Division recommends that the Commission acknowledge the Company's Compliance Letter filed on October 25, 2022.

cc: Michael Snow, Rocky Mountain Power.
Michele Beck, Office of Consumer Services.
Service List.