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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: June 15, 2022

Re: **Docket No. 22-035-T09, TARIFF** Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 114, Load Management Program.

Recommendation (Approve Tariff Sheets)

The Division of Public Utilities (DPU or Division) has reviewed the tariff filing and recommends the Public Service Commission (PSC or Commission) approve Rocky Mountain Power's (RMP or Company) proposed revisions to Schedule 114, Load Management Program. The Division therefore recommends the tariff change become effective on July 6, 2022.

Issue

On June 6, 2022, RMP filed Advice No. 22-04 with the Commission proposing revisions to Electric Service Schedule No. 114, Load Management Program. The purpose of this filing is to propose a new Demand Side Management (DSM) Commercial and Industrial Response offering called the Wattsmart Business Demand Response Program (Program) to be administered through Electric Service Schedule No. 114. RMP requests an effective date of July 6, 2022. On June 6, 2022, the Commission issued an Action Request for the Division to investigate RMP's filing and make recommendations by June 21, 2022. The Commission also issued a Notice of Filing and Comment Period on June 8, 2022, with comments due on

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or before June 21, 2022, and reply comments due on or before June 28, 2022. This memorandum represents the Division's response to the Commission's Action Request.

Background

The Program is designed to help effectively manage the overall electric grid by initiating peak load reduction events, improving contingency reserves and frequency response, and providing other grid services to improve grid management. Customers who participate will receive financial incentives for curtailing loads during Company initiated events. The Program design will work with large commercial and industrial customers who have curtailable loads greater than 500 kW that can be curtailed with no advance notice or limited advance notice (7 minutes). Large commercial and industrial customers may work with the Company and its consultants to identify opportunities for participation. The Company and consultant will develop a site-specific demand response strategy for each participating customer and their facility.

Discussion

The Company believes incentives offered for manual and automated curtailment will attract a broad range of participants from large commercial and industrial users. Participation in the Program will be voluntary, and customers may elect to opt-out of certain events. For customers who opt-out of specific events or end their participation early, the incentives will be pro-rated. The compensation for participating customers will be based annually on the verifiable load that is available for dispatch throughout the year.

The Company estimates the Program will start out with 10 participants and 30 MW of curtailable demand response in 2022, then level off with 75 participants and 150 MW of demand response by 2025. The Program costs are estimated by categories of program administration, customer incentives, utility administration, and marketing. As Program participation increases, customer incentives will increase accordingly. The estimated total program costs for 2022 with approximately 10 participants are about \$1,275,000. By 2025 the Program costs will level off at about \$12,201,250 with approximately 75 participants.

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The cost-effectiveness study for the Program was conducted by [REDACTED] for years 2022-2026 based on costs and savings estimates provided by the Company. Since avoided costs for load management programs are proprietary, the cost-effectiveness results were designated as a “pass” for any benefit to cost ratio of 1.0 or better. Cost-effectiveness was tested using [REDACTED] per kW as a constant. The Program passed cost-effectiveness on a median base case with Benefit/Costs ratios of [REDACTED] for the Total Resource Cost Test (TRC), and [REDACTED] for the Utility Cost Test (UCT), and [REDACTED] for the Rate Impact Test (RIM). The Participant Cost Test (PCT) was not applicable for demand response programs.

On March 2, 2022, the Company discussed the proposed program with the DSM Steering Committee, and a draft advice letter was circulated to committee members for additional review and comments. There were no significant concerns among the members.

The Company’s Advice Letter for this matter complies with Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule.

Conclusion

The Division concludes that RMP’s filing is reasonable, and the Wattsmart Business Demand Response Program can be an important component of Schedule No. 114, Load Management Program. Therefore, the Division recommends the Commission approve this filing as submitted, with an effective date of July 6, 2022, as requested.

cc: Michael Snow, RMP.
Jana Saba, RMP.
Michele Beck, OCS.