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# Office of Consumer Services

UTAH DEPARTMENT OF COMMERCE

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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 05, 2023  
Subject: Docket 23-035-26

**In the Matter of:** Rocky Mountain Power's Demand Side Management  
2022 Annual Energy Efficiency and Peak Load Reduction Report

## INTRODUCTION

On June 1, 2023, Rocky Mountain Power (RMP or Company) filed with the Public Service Commission of Utah (PSC) its Demand Side Management (DSM) 2022 Annual Energy Efficiency (EE) and Peak Load (PL) Reduction Report. On June 5, 2023, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit initial comments on RMP's filing on or before July 5, 2023 and reply comments on or before July 20, 2023. The Office of Consumer Services (OCS) provides the following comments on the annual report pursuant to that schedule.

## BACKGROUND

In its annual 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, 2022, through December 31, 2022."<sup>1</sup> In addition to its 23-page annual report, RMP also filed 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 load reduction programs (prepared by its external consultants) in Appendix C.

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<sup>1</sup> Docket No. 23-035-26, RMP DSM 2022 Annual EE and PL Reduction Report, p. 3.

In 2022, RMP's total 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
- Wattsmart Business Demand Response<sup>2</sup>

**REPORTED DSM EXPENDITURES AND ENERGY SAVINGS**

For the 2022 program year, RMP reports total program expenditures of about \$68 million or about \$6 million more than the prior program year. Further breakdown of the total shows energy efficiency program expenditures of about \$55.6 million (an increase of about \$2 million over the prior year) and peak reduction program expenditures of about \$10.6 million (an increase of about \$4 million over the prior year). Other portfolio expenditures, such as outreach & communications and program evaluations, totaled about \$2.2 million. Total expenditures yielded 305,731 megawatt hours (MWh) in first-year energy savings and 3,251,218 MWh of lifetime savings from 2022 energy efficiency acquisitions. Net benefits of the DSM portfolio are estimated at \$133 million. RMP provided the following Table 2, which summarizes expenditures and estimated resulting energy savings by program area:

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<sup>2</sup> This new program began in July 2022. RMP reports no savings associated in 2022 and all costs reported are start-up costs. Ibid p. 4.

**Table 2: Program Results for January 1, 2022 – December 31, 2022<sup>14</sup>**

<b>Load Management Programs</b>	<b>MW/Yr. Savings (at site)</b>	<b>MW/Yr. Savings (at gen)</b>	<b>Program Expenditures</b>
Cool Keeper	266	283	\$ 6,812,393
Irrigation Load Control	11	12	\$ 145,096
Wattsmart Batteries	11.7	12	\$ 3,123,245
C&I Demand Response <sup>15</sup>	0	0	\$ 495,342.07
<b>Total Load Management</b>	<b>289</b>	<b>307</b>	<b>\$ 10,576,076.07</b>
<b>Energy Efficiency Programs</b>	<b>kWh/Yr. Savings (at site)</b>	<b>kWh/Yr. Savings (at gen)</b>	<b>Program Expenditures</b>
Low Income Weatherization	249,655	265,525	\$ 97,656
Home Energy Reporting	94,620,000	100,634,993	\$ 944,013
Wattsmart Homes	42,021,063	44,692,342	\$ 20,885,998
<b>Total Residential</b>	<b>136,890,717</b>	<b>145,592,860</b>	<b>\$ 21 927 667</b>
<b>Total Wattsmart Business</b>	<b>151,722,967</b>	<b>160,137,858</b>	<b>\$ 33,757,208</b>
<b>Total Energy Efficiency</b>	<b>288,613,684</b>	<b>305,730,718</b>	<b>\$ 55,684,875</b>
<b>Other Portfolio Expenditures</b>			
Outreach and Communications			\$ 1,192,107
Portfolio - EM&V Non-Residential			\$ 532,445
Portfolio - EM&V Residential			\$ 152,338
Portfolio – DSM Central			\$ 160,063
Portfolio Potential Study			\$ 111,195
Portfolio TRL			\$ 20,276
<b>Total Utah Program Expenditures</b>			<b>\$ 67,975 881</b>

**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 peak reduction program deliverables confidential while the energy efficiency program deliverables are not. RMP provided the following Table 13 in their annual report that shows the cost effectiveness results:

**Table 13: 2022 Cost Effectiveness Results by Program<sup>16</sup>**

Program	Benefit/Cost Test				
	PTRC	TRC	UCT	PCT	RIM
DSM Portfolio	0.88	0.80	1.95	1.19	0.55
Energy Efficiency Portfolio	0.70	0.64	1.72	1.16	0.43
Non-Residential Energy Efficiency Portfolio	1.20	1.09	1.74	2.19	0.42
Residential Energy Efficiency Portfolio	0.46	0.41	1.90	0.66	0.48
Wattsmart Homes	0.38	0.35	1.66	0.58	0.45
Home Energy Reporting	7.63	6.94	6.94	n/a	0.64
Low Income Weatherization	22.46	20.41	2.62	n/a	0.63
Wattsmart Business	1.20	1.09	1.74	2.19	0.42
Irrigation Load Control Program <sup>17</sup>	Pass	Pass	Pass	n/a	Pass
AC Load Control Program <sup>18</sup>	Pass	Pass	Pass	n/a	Pass
Wattsmart Battery Program <sup>19</sup>	Fail	Fail	Fail	n/a	Fail
C&I Demand Response <sup>20</sup>	n/a	n/a	n/a	n/a	n/a

As shown in the above figure, RMP reports that its DSM portfolio is cost effective overall at 1.95 under the utility cost test (UCT) – which is the primary test used in Utah. The breakdown of individual programs are also reported to be cost effective under the UCT, as they are over one, except for two programs that have acceptable explanations. 1) As mentioned in footnote 2 above, the Wattsmart Business Demand Response program was implemented this year and so no savings are reported to compare against its setup costs for 2022. 2) On June 28, 2023, RMP held the Q2 DSM Steering Committee Meeting and clarified for stakeholders there was an error in reporting the cost effectiveness for the Wattsmart Battery Program in Table 13. Instead of reporting the UCT results across the useful life of a battery (which would result in a passing UCT score), RMP mistakenly provided a UCT over a one-year period that resulted in the shown “Fail”. Due to this reasonable explanation, the OCS recommends that RMP file a corrected Table 13 (and relevant Appendix information) with the PSC during reply comments. The OCS informally communicated with RMP on this issue and they anticipate updating the metric during reply comments to correct the record.

Also, because the Division of Public Utilities (DPU) filed its comments on this RMP annual report before the due date, the OCS was able to review them before filing these comments. The DPU indicated it compared the cost effectiveness metrics reported by RMP this year with those reported last year and noted a concerning downward trend - including identifying a few examples of specific program incentives that failed the UCT test. Citing the PSC’s order in Docket No. 09-035-27, which provides guidance to RMP on assessing the cost effectiveness of its DSM programs including providing sufficient justifications, the DPU stated it is concerned that RMP did not provide information in its annual report to explain or justify this downward trend in cost effectiveness outcomes.<sup>3</sup>

The OCS conducted a similar review of RMP’s annual report cost effectiveness metrics and we share the DPU’s concern of the downward trend in outcomes and lack of sufficient

<sup>3</sup> Docket No. 23-035-26, DPU Comments, June 27, 2023, p. 3 – 5.

explanation in the report. During the June 28, 2023 Q2 DSM Steering Committee Meeting, stakeholders including the DPU and the OCS expressed these concerns to RMP. The OCS is encouraged that RMP committed in that meeting to hold an additional Steering Committee Meeting this year to delve deeper into the downward trend of cost effectiveness outcomes and discuss how to best present cost benefit results in its reports to the PSC. The OCS looks forward to participating in that process.

## **RECOMMENDATION**

In anticipation that RMP will file an updated Table 13 and supporting documentation during reply comments that corrects the cost effectiveness scores for the Wattsmart Battery Program, the OCS recommends that the PSC acknowledge the 2022 DSM annual report.

cc:

Jana Saba, Rocky Mountain Power

Michael Snow, Rocky Mountain Power

Chris Parker, Division of Public Utilities

Service List