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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
Brenda Salter, Assistant Director
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Paul Hicken, Technical Consultant

Date: November 22, 2023

Re: **Docket No. 23-035-T11,** TARIFF Rocky Mountain Power's Proposed Changes to Electric Service Schedule No. 114, Load Management Program.

Recommendation (Approval)

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.

Issue

On November 14, 2023, RMP filed with the Commission, proposed tariff revisions to Electric Service Schedule No. 114, Load Management Program. The purpose of this filing is to propose a new Demand Side Management (DSM) Electric Vehicle (EV) Demand Response Program (Program) to be administered as a 3-year pilot offering through Electric Service Schedule No. 114. The Company requests an order approving the proposed Program with an effective date of January 1, 2024.

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Background

The state is experiencing significant growth in EV utilization. From January 2022 to 2023, EV adoption grew by 60 percent. Now, there are more than 25,000 EVs registered in Utah and the growth trend is expected to continue. As EV adoption increases, it has the potential to add significant electricity demand on the power grid. The Company is proposing a new demand response program to monitor and control EV charging to alleviate demand congestion on the electric grid. The proposed Program will provide invaluable experience in understanding how EVs may impact the electric grid. It will provide financial incentives to EV owners who enroll and participate in Company initiated demand response events. The Program may be utilized to provide peak load reduction, contingency reserves, frequency response, and other grid services to assist and effectively manage the overall electric grid.[1]

On November 14, 2023, the Commission issued an Action Request for the Division to investigate RMP's filing and make recommendations by November 29, 2023. The Commission subsequently issued a Notice of Filing and Comment Period on November 16, 2023, with comments due on or before November 29, 2023, and reply comments due on or before December 6, 2023. This memorandum represents the Division's response to the Commission's Action Request.

Discussion

The filing proposes changes to Schedule No. 114, to allow the Company to manage electrical loads for the Program through a Company dispatched Direct Load Control System (System). The proposed adjustments affecting the dispatch parameters and incentives are identified and shown in detail in Tables 2 and 5 of the Advice Letter and redlined in Exhibit A of the filing. Other Program qualifications and details are summarized in the Advice letter as follows:

1. *Vehicle Eligibility.* Table 1 of the Advice Letter shows eligible vehicles. Currently, EV makes that may be eligible for participation include Ford, Hyundai, Jaguar, Land

[1] Docket No. 23-035-T11, RMPs Advice Letter, November 14, 2023, P.1.

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Rover, Tesla, Toyota, and Volkswagen. The vehicle list may be based on model and year and is expected to increase as manufacturers transition to producing more EVs.

2. *Incentives*. Participation incentives are mentioned in Table 2 of the Advice Letter and Sheet No. 114.3 of the Tariff. Customer incentives will depend on the number of years they have been enrolled and is based on a 12-month cycle at the time of enrollment. Maximum incentives are up to $120/vehicle annually for the 1st year of participation and up to $60/vehicle annually for years 2 or more of participation.
3. *Program Costs.* Estimated program costs for 3 years are identified in Table 3 of the Advice Letter. As expected, total costs increase each year as participation increases. However, Program Administration is projected to increase more significantly than other cost areas and by year 3, it accounts for 39% of the total program costs. The estimated total program costs for 2024 through 2026 are expected to be $162,500, $265,000, and $440,000 respectively. The Division will monitor Program costs to assure that Program Administration does not become overwhelming.
4. *Program Participation.* The Program is projected to achieve approximately 7 megawatts of curtailable demand response by 2026 and anticipated to increase as EV adoption grows. Table 4 of the Advice Letter shows projected participation for the 3-year period from 2024-2026. Customer participation for those years is expected to be 500, 1,000, and 2,000 respectively.
5. *Dispatch Parameters.* The dispatch parameters of the Program are identified in Table 5 of the Advice Letter and Sheet No. 114.1 of the Tariff. The dispatch period is from January 1 through December 31. The available dispatch hours are from 12:00am to 11:59pm Mountain Time. The dispatch days are Monday through Sunday. The dispatch duration is limited to 15 minutes per event.

The cost-effectiveness analysis for the Program was conducted by Applied Energy Group (AEG). The results of the study are summarized in the Advice Letter and presented with more detail in Exhibit B of the filing. Assuming the proposed changes are approved, the Program is expected to remain cost-effective with four measurements in both the single-year and three-year outlooks. For the three-year outlook, the Program passes Total Resource Cost Test with Conservation Adder (PTRC) with a score of [redacted]. The score for

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the Total Resource Cost Test (TRC) with no adder was [redacted]. The score for the Utility Cost Test (UCT) was [redacted], and the score for the Rate Impact Test (RIM) was [redacted]

The Company held a DSM Steering Committee meeting and discussed the proposed Program on October 19, 2023. Another follow-up meeting was on October 31, 2023, for additional review. As a result of the discussion with Steering Committee members, the Company proposes that the Program be implemented as a 3-year pilot offering. During the 3-year pilot period, the Company expects to gather additional data that is anticipated to support a full-fledged, cost-effective program. Once enough data is gathered to support a full-fledged program, the Company will make a subsequent filing seeking approval to add the Program to its ongoing portfolio.[2] If approved, the Company will provide updates on the Program with its annual reporting and regular updates to the DSM Steering Committee.[3]

The Company's Advice Letter for this matter complies with Utah Administrative Code R746-405-2(D), 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 appropriate to modify Schedule No. 114 to include Wattsmart Electric Vehicle Demand Response Incentives as a 3-year pilot program. The Program is expected to provide cost-effective results for the years 2024-2026 under the PTRC, TRC, UCT, and RIM tests. The Division recommends the Commission approve RMP's revised Tariff Schedule No. 114 filed on November 14, 2023, and make changes effective January 1, 2024, as requested.

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

[2] Docket No. 23-035-T11, RMPs Advice Letter, November 14, 2023, P.6.
[3] Ibid. P.6.