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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: November 29, 2023

Subject: Docket 23-035-T11

In the Matter of: Proposed Changes to Schedule 114, Load Management Program (Electric Vehicle Demand Response Offering)

INTRODUCTION

On November 14 2023, Rocky Mountain Power (RMP or Company) filed with the Public Service Commission of Utah (PSC) an application to modify tariff Schedule 114 by implementing a new Electric Vehicle Demand Response Pilot Program (Program) within its load management programs. On November 16, 2023, the PSC issued a Notice of Filing and Comment Period establishing that interested parties may submit comments on RMP's filing on or before November 29, 2023 and reply comments on or before December 6, 2023. The Office of Consumer Services (OCS) provides the following comments pursuant to that schedule.

BACKGROUND

In the program overview of this filing, RMP states that due to the significant growth in electric vehicle (EV) adoption across Utah, there is potential to add significant electricity demand on the power grid. Therefore, the Company is now proposing to implement a three-year pilot EV demand response program to reduce EV charging during periods of peak grid congestion. RMP states, "the Program is designed to provide financial incentives to EV owners who enroll in the program 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. Customers can participate if they own or lease eligible EV vehicles that can be signaled to stop charging with no advanced or limited advanced notice.

PROPOSED PROGRAM PARAMETERS

In its filing, RMP outlines the following EV demand response program parameters:

- *Vehicle Eligibility.* Not all EVs have the features necessary to qualify and RMP will maintain a list of eligible vehicles on the Company's website. Event-level eligibility will be based on the current location of the EV and demand response signals are intended to only be sent to enrolled EVs currently located within RMP's Utah service territory. Table 1 in the filing shows a list of vehicle manufacturers with cars currently eligible to participate.
- *Dispatch Parameters.* Table 5 in the filing explains that the dispatch period will be from January 1 through December 31, the available dispatch hours are from 12:00 am to 11:59 pm Mountain Time, the available dispatch days are Monday through Sunday, and the dispatch duration will be up to 15 minutes per event.
- *Incentives.* Table 2 of the filing shows the proposed program incentive amounts. Participating customers will be compensated annually based on duration of program enrollment and event participation. The awards for participation will be \$100 per vehicle for the first year of participation and \$50 per vehicle per year for any additional years. Participating customers may opt out of a called event, but will be assessed a \$10 penalty from their annual incentive for each opt out (the first two opt outs will be penalty free).
- *Program Costs and Participation.* Table 3 in the filing shows estimated program costs by category for the three years of the pilot program. The total estimated program costs for 2024 to 2026 are \$162,500, \$265,000, and \$440,000 respectively. The estimated participation during those years are 500, 1,000, and 2,000 customers respectively (shown in Table 4). Administration costs are estimated to grow from about 23% in 2024 to almost 39% in 2026.
- *Program Marketing and Education.* RMP states it will promote programmatic information on its website to educate customers on the purpose of the program, how demand response works, how long EV charging will be interrupted, and other items. The Company also plans to recruit customers by email – including those that already participate in EV charger rebates and EV time-of-use rates.

PROJECTED COST-EFFECTIVENESS

Attached to the filing as Confidential Exhibits B, C, and D, RMP submitted an assessment conducted by its consultant Applied Energy Group of the potential cost-effectiveness outcomes of the EV demand response pilot. The OCS has reviewed these assessments and notes that even under a lower-than-expected participation scenario the program is expected to be cost-effective. However, the OCS also notes that these types of programs are relatively new and the cost-effectiveness evaluation is based on many assumptions.

OCS DISCUSSION

The OCS supports the concept of an EV demand response program to help facilitate as much benefit to the grid as possible from the expansion of EV ownership. However, the OCS is concerned that the new program be carefully designed to ensure that benefits materialize as modeled and assumed. The OCS is also concerned that a new program of this nature operates well so that participants understand the value to the system and are encouraged to continue participation.

The OCS participated in discussions with the Company and the Demand-Side Management Steering Committee regarding the proposed EV demand response program and reviewed RMP's filing in this docket. During those discussions the OCS expressed our belief that because EV demand response is a new area of work in utility programs, it is vital that participating customers fully anticipate that the terms of the program may change as outcomes are assessed. Subsequent to these discussions, RMP proposed that the program be implemented as a three-year pilot program. The OCS supports this approach as providing better signals to customers that the terms of the program may change. RMP also stated to the OCS in a follow-up email exchange that they intend to update programmatic assumptions as needed based on actual cost-effectiveness results as the pilot program progresses. Then after the pilot period, if the program performs well, RMP would intend to petition the Commission for full implementation – including an update to external cost-effectiveness forecasts and sensitivities. This approach seems reasonable and the OCS will be monitoring the outcomes and assumptions of the program.

RECOMMENDATION

The OCS supports the implementation of the proposed EV demand response program as a three-year pilot program.

cc:

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