

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Application of Rocky Mountain Power for Approval of Proposed Revisions to the Utah Demand Side Management Program Performance Standards	<u>DOCKET NO. 24-035-47</u> <u>ORDER</u>
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ISSUED: September 18, 2025

SYNOPSIS

The Public Service Commission (PSC) approves the Application of Rocky Mountain Power to revise the Utah Demand Side Management Program Performance Standards (the "Application").

BACKGROUND

On September 30, 2024, Rocky Mountain Power ("RMP") filed an application ("Application") proposing revisions to the Utah Demand Side Management Program ("DSMP") performance standards. The Division of Public Utilities (DPU) filed comments on October 25, 2024 and the Office of Consumer Services (OCS) filed comments on October 30, 2024. The PSC held technical conferences on May 20, 2025¹ and August 14, 2025.² No other parties intervened or filed comments.

THE APPLICATION

RMP states the currently effective and used DSMP, including the Total Resource Cost Test ("TRC"), Utility Cost Test ("UCT"), Participant Cost Test ("PCT"), and the

¹ May 20, 2025, technical conference recording available at <https://www.youtube.com/live/yM2ls-aS2Ng>

² August 14, 2025, technical conference recording available at <https://www.youtube.com/live/nH440-zyBsY>

Ratepayer Impact Cost Test (“RIM”) were adopted in 1995³ and modified in 2009.⁴ RMP “proposes to update cost effectiveness guidelines such that the expectation is for [RMP] to design programs that pass the UCT, in lieu of designing programs that pass all tests.”⁵ RMP represents it will continue to include the cost effectiveness results of all tests in its reports and applications, as it has historically, but without the expectation that all programs will pass all tests. RMP further represents it will continue to provide sensitivity analyses to address concerns regarding any programs that marginally pass the UCT. RMP proposes the UCT serve as a threshold to determine DSMP approval; specifically a program that yields a 1.0 or greater cost/benefit ratio would be considered cost effective.

RMP explains that many jurisdictions are moving away from standard testing and are including non-energy benefits such as air emissions and the social cost of carbon in the TRC tests. RMP “believes the UCT offers the simplest, most direct indication of the ability of energy efficiency to reduce costs and customer bills, and is also consistent with how supply-side resources are evaluated.”⁶ Finally, RMP

³ *In the Matter of Ratemaking Treatment of Demand Side Resources and the Analysis of Regulatory Changes to Encourage Implementation of Integrated Resource Planning*, Docket No. 92-2035-04, Demand Side Resource Cost Recovery Collaborative Report, Final Report to the PSC, Appendix VII, March 31, 1995.

⁴ *In the Matter of the Proposed Revision to the Utah Demand Side Resource Program Performance Standards Pursuant to Commission Order in Docket No. 07-035-T04*, Docket No. 09-035-27.

⁵ Application at 5.

⁶ *Id.*

represents that it provided a draft of the Application to the DSM Steering Committee (“Steering Committee”) for an initial review before filing.

PARTIES’ COMMENTS

DPU Comments

DPU represents RMP discussed cost effectiveness guidelines and DSMP expectations with the Steering Committee, and a consensus existed to seek clarification and approval from the PSC. DPU states a draft of the Application was circulated to the Steering Committee members on September 11, 2024.

DPU recommends the PSC approve the Application on the condition that RMP continues to provide sensitivity analyses for all tests in the performance standard. DPU explains that, over time, the energy efficiency industry has changed, and programs that depend on consumer participation are less likely to pass the UCT, TRC, and PCT tests. Responding to RMP’s assertion that other jurisdictions are moving away from traditional testing,⁷ DPU states that “there are a few modified versions of the standard tests, but the basic premise is still in use, including secondary tests.”⁸

OCS Comments

OCS summarizes the history of the requested change to the DSMP design process, noting DPU and OCS expressed concern, during the adjudication of Docket

⁷ RMP provided DPU with Applied Energy Group’s Cost-Effectiveness Overview – Practices Across the West and Considerations for Utah, Sept. 7, 2023.

⁸ DPU Comments at 3.

No. 23-035-26, regarding the downward trend in cost effectiveness outcomes and recommended the PSC re-evaluate the cost effectiveness tests. OCS states that during the September 7, 2023, Steering Committee meeting, several paths were considered, and the Steering Committee ultimately supported RMP's desire to amend the DSMP design process. OCS represents that RMP presented the proposed changes to the Steering Committee on September 10, 2024, and circulated a draft Application on September 11, 2024. The Steering Committee apparently "agreed that while stakeholders may not oppose dropping the requirement that DSM[P] programs be designed to pass all tests, all tests and sensitivity analyses should continue to be conducted and transparently reported to the PSC in DSM annual reports for informational and trend comparison purposes."⁹ OCS "does not object to [the] change in DSM cost effectiveness expectations to focus solely on the UCT results, [and] will continue to review the cost effectiveness outcomes of all tests and scrutinize the reasons for continued downward trends over time."¹⁰

DISCUSSION, FINDINGS, AND CONCLUSIONS

The PSC recognizes the importance of RMP implementing a cost-effective DSMP and acknowledges the evolving nature of some jurisdictions' practices when designing demand side management and energy efficiency programs. The PSC also acknowledges that the availability of cost-effective measures that might be used in

⁹ OCS Comments at 2-3.

¹⁰ *Id.*, at 3.

the DSMP is generally declining. The PSC appreciates the valuable work of the Steering Committee, which led to a consensus to amend the DSMP design process. The PSC has reviewed the testimony, exhibits, and orders in Docket No. 09-035-27 ("2009 Order").¹¹ Based on the recommendations from the report, *Utah Demand Side Management and Other Resources Benefit and Cost Analysis Guidelines and Recommendations*,¹² the PSC mandated the UCT to be the minimum threshold for program approval. In that order, the PSC concluded that while all programs were expected to pass all tests, justification was required for any program or measure that failed a test but was still considered to be in the public interest. The PSC recognized at the time the importance of this critical review to justify programs that failed to meet each cost-benefit test. Through this process, RMP was able to identify new or modify existing DSMPs to serve the public interest. In this docket, RMP proposes to revise the design phase of the DSMP, requiring DSMPs be designed to pass the UCT, while continuing to maintain the critical review process outlined in the 2009 Order. Our concern remains the same as was stated in the 2009 Order, namely that: "We must have confidence the expected costs and savings of a particular program are likely to

¹¹ *In the Matter of the Proposed Revision to the Utah Demand Side Resource Program Performance Standards Pursuant to Commission Order in Docket No. 07-035-T04*, Docket No. 09-035-27.

¹² *Id.*, at Exhibit A filed April 27, 2009.

occur."¹³ The PSC expects RMP to use the critical review process and directs RMP to provide detailed analysis in all future reports consistent with RMP's representations in the Application and the remaining provisions of the 2009 Order.

Based on the Application, comments, and there being no opposition, the PSC approves the Application.

ORDER

The Application is approved.

DATED at Salt Lake City, Utah, September 18, 2025.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

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¹³ 2009 Order, *In the Matter of the Proposed Revisions to the Utah Demand Side Resource Program Performance Standards*, Docket No. 09-035-27, October 7, 2009, p. 11.

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on September 18, 2025, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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