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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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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
David Fields, Utility Analyst
Savannah Torman, Office Specialist

Date: June 5, 2025

Re: **Docket No. 25-035-36,** Rocky Mountain Power's Demand Side Management 2024 Annual Energy Efficiency and Peak Load Reduction Report

Recommendation (Acknowledge)

The Division of Public Utilities (DPU or Division) recommends the Public Service Commission (PSC or Commission) acknowledge the Utah Demand Side Management (DSM) Annual Energy Efficiency and Peak Load Reduction Report for 2024 (DSM Annual Report) filed by Rocky Mountain Power (RMP or Company), as it appears to comply with the Commission requirements as outlined in the Company's Appendix A included with the initial filing.

Issue

On May 27, 2025, the Company filed with the Commission its DSM Annual Report, and the Commission issued an Action Request for the Division to review the filing and make recommendations by June 26, 2025. This memorandum represents the Division's comments on the DSM Annual Report.

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Background

RMP applies energy efficiency and peak reduction programs as alternatives to the acquisition of supply-side resources. Ideally, these programs assist in addressing load growth and contribute to the ability to meet system peak requirements and other operational needs in the evolving power system. RMP employs third parties to administer the programs and independent external evaluators to assess the programs and validate the energy savings derived from the energy efficiency programs.[1] The Company seeks input regarding its energy efficiency programs from both the Utah DSM Steering Committee and the Utah DSM Advisory Group, and the Company consulted with these groups on various matters throughout the year. This report provides details on program results, activities, and expenditures of the DSM Cost Adjustment Tariff Rider (Schedule 193) for the 2024 calendar year reporting period.

Discussion

Rocky Mountain Power invested $85.1 million in energy efficiency and peak reduction resources from January 1, 2024, to December 31, 2024, resulting in approximately 391,998 megawatt hours (MWh) of first-year energy savings, and 3,408,070 MWh of lifetime savings, with peak management reductions of approximately 384 megawatts (MW). The net benefits of these energy savings are estimated at $107 million.[2]

The 2024 DSM portfolio was cost effective based on the Utility Cost Test (UCT), which is the primary cost benefit test used in Utah. A “Pass” designation indicates a benefit-cost ratio of 1.0 or higher, signifying that the benefits meet or exceeded the costs.

The Wattsmart Homes program achieved 60,148,732 kWh in site energy savings and disbursed $20 million in incentives, with a UCT ratio of 2.63. Notably, it set a record by

[1] Program Administration can be found at https://www.pacificorp.com/environment/demand-side-management.html under the “Program administration” section.
[2] *Rocky Mountain Power’s Demand-Side Management (DSM) 2024 Annual Energy Efficiency and Peak Load Reduction Report*, Docket No. 25-035-36, 2024 DSM Report, Appendices B-C, Memorandum on PacifiCorp Utah Portfolio and Sector Level Cost-Effectiveness Results, page 3 of 21.

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installing over 10,000 heat pumps and maintained a high customer satisfaction rating of 8.8/10.

The Home Energy Reports program was cost-effective, reaching 610,618 customers and achieving 116,178 MWh in site energy savings with a UCT ratio of 9.86. Home Energy Reports are based on deemed savings (or estimates) and not based on actual pre- or post-installation measures, unlike other programs.

The Low-Income Weatherization program served 291 homes, achieving 173,523 kWh in site energy savings with a UCT ratio of 1.60, benefiting from a 50% cost-sharing model with federal funding.

The Wattsmart Business program delivered 193,782,406 kWh in site energy savings and distributed $22 million in incentives, with a UCT ratio of 2.63.

In 2024, the total expenditures for all load management (peak reduction) programs amounted to $16,946,254. The Cool Keeper program accounted for the largest portion of this expenditure at $8,530,311, with a UCT ratio of [redacted], reflecting its significant scale and operational intensity. Wattsmart Batteries followed with expenditures of $6,885,212, with a UCT ratio of [redacted]. The Irrigation Load Control and C&I Load Control programs' expenditures totaled $115,065 and $1,343,004, with UCT ratios of [redacted] and [redacted], respectively. EV Charging expenditures for 2024 were $72,662.[3] Rocky Mountain Power achieved approximately 384[4] megawatts (MW) in total peak management reductions across all load management programs.[5] The peak reduction programs of Irrigation Load Control, Cool

[3] *Ibid*. "Given the program's emphasis on growth and testing, and that it's still in its pilot phase, a cost effectiveness analysis for this pilot program is not included in this report." Pg 13 of 21
[4] At generation.
[5] Although the UCT is the primary cost effectiveness test, it should be noted that the discussed DSM programs performed worse on other cost tests mentioned in the report, that is, PTRC, TRC, PCT, & RIM. The inconsistencies raise the question on whether UCT is the effective barometer for DSM sustainability.

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Keeper, Wattsmart Business Demand Response, and Wattsmart Batteries passed their respective Utility Cost Test (UCT) for 2024.[6]

While the report does not explicitly state a general decline in cost-effectiveness across all programs compared to 2023, it does mention a decrease in savings for specific aspects within the Wattsmart Business program:

- **Lighting savings decreased by 4%** compared to 2023.
- **Prescriptive non-lighting had a 58% decrease in savings** as compared to 2023, primarily attributed to a high-performing trade ally adjusting their business focus and administrative/field staff changes in the Utah HVAC industry.

These decreases in savings for lighting and non-lighting prescriptive measures could impact the overall cost-effectiveness of the Wattsmart Business program, as cost-effectiveness is tied to the benefits (savings) achieved relative to the costs. However, the report also notes that savings from New Construction and Major Renovation increased by 63% in the Wattsmart Business program, which would positively affect its cost-effectiveness.[7]

Conclusion

The Division has reviewed the report and found that it generally complies with the Commission requirements.

cc: Michael Snow, RMP
Michele Beck, OCS

[6] *Rocky Mountain Power's Demand-Side Management (DSM) 2024 Annual Energy Efficiency and Peak Load Reduction Report*, Docket No. 25-035-36, 2024 DSM Report, Appendix B and Confidential Appendix C, Memorandum on PacifiCorp Utah Portfolio and Sector Level Cost-Effectiveness Results.

[7] It would be worthwhile for the company to reflect on the effects, if any, of the 2025 international trade tariffs in its future DSM annual report.