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UTAH DEMAND SIDE RESOURCE EVALUATION TA

DATE: December 2, 1993  
TO: DSR Evaluation Task Force Members and Participants  
FROM: Mark V. Flandro, Chairman  
SUBJECT: Minutes of November 19, 1993 Meeting and Agenda for D

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NOVEMBER 19TH MINUTES:

ATTENDEES

Bob Lively	PacifiCorp	801-220-4052
Rich Collins	Utah PSC Staff	801-530-6770
Dan Gimble	CCS	801-530-6798
Linda Olsson	Xenergy	303-442-1990
Dan Violette	Xenergy	303-442-1990
Ronald L. Burrup	DPU	801-530-6686
Kenneth Wilson	Deseret G&T	801-566-1238
Rebecca Wilson	Utah OERP	801-538-5428
Ellen Eckels	Wasatch Clean Air Coll.	801-277-6664
Bruce Hutchinson	NEOS	801-524-6384
Pete Catching	PacifiCorp	503-464-5099

OLD BUSINESS:

7.7.1 Criteria For Evaluating Cost Effectiveness of DSR

Pete Catching outlined for the task force members PacifiCorp's procedures to determine the initial cost effectiveness of a DSR Program. He took us through examples of evaluation report summary sheets and provided broad explanation of the detailed spread sheets that back up the numbers shown on the summary sheets. He reviewed how the cost and benefit totals are derived for each of the four standard demand side tests and where the data is developed for the ratio calculations. Pete emphasized that the inputs for these calculations are developed by many different groups within the Company, often for even different purposes than DSR evaluation, and therefore it is more difficult to explain and/or defend. He indicated that the Company is looking into collecting these many data sources onto a local LAN to improve coordination of data.

The task force listed some suggestions on how better to document the evaluation data:

- Include long run revenue impact

- Include generic explanation of the variance between ratios and amounts.
- Include conservation cost effectiveness sheet or summary.

The task force also expressed the following concerns about the evaluation method:

- How is the cost stream balanced over time?
- Consider using a higher discount rate on the Participant Test.
- PV Cost Line: shouldn't the Utility Cost Test + the Participant Cost Test amount be approximately = the Total Resource Cost amount. (this was pretty much resolved during the meeting, but Pete said he would look into it further).
- Should Path B and ESC participants be evaluated separately and then combine the numbers so the different impacts are made more apparent?

The task force was able to see the complexity of this screening process and thanks Pete for reviewing it with us. Pete and his people will follow up on the task force documentation and method suggestions and questions listed above and will make changes and improvements as appropriate. This topic, of Evaluation Criteria, will be continue to be discussed during 1994 in the new Cost Recovery DSR Collaborative just approved by the PSC, so will be closed as an item in the DSRETF.

Item Closed

#### 8.4.1 Task Force Final Report To The Commission

This item was tabled until the December meeting in the interest of time.

#### 9.1.1 Change of Docket Number For Evaluation Task Force

Rich Collins reported that he is still resolving this issue with the Commission staff.

#### 10.1.1 Xenergy Final Report

Dan Violette and Linda Olsson provided an overview of Xenergy's final report to the DSRETF. The task force members provided feedback. Dan indicated that his team will be completing the report in early December. The report will be mailed to the task force members prior to the December 15th meeting.

#### NEW BUSINESS:

None

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AGENDA FOR DECEMBER 15, 1993 MEETING: (SEE NEXT PAGE)

## AGENDA FOR DECEMBER 15, 1993 DSRETF MEETING

The next DSR Evaluation Task Force meeting is scheduled for Wednesday, December 15, 1993, in the eighth floor conference room at 9:00 AM, at One Utah Center, PacifiCorp Offices in Salt Lake City, Utah.

### AGENDA

#### OLD BUSINESS:

##### 8.4.1 Task Force Final Report To The Commission

Task Force discussion and assignments. Please review Becky's outline attached.

##### 9.1.1 Change of Docket Number For Evaluation Task Force

Task Force discussion.

##### 10.1.1 Xenergy Final Report

Task Force Discussion.

#### NEW BUSINESS:

##### 12.1.1 New Items of Business?

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The January meeting of the DSRETF is scheduled for January 12, 1994. The major remaining task for the task force is review of Xenergy's final report, and then preparation of our final report to the Utah PSC regarding accomplishment of our initial objectives outlined in the 90-035-06 Order. The January meeting will be the last official meeting of the DSRETF, and will be a working meeting coordinating the final report to the Commission.

Demand Side Resource Evaluation Task Force Report

Brief Outline for Content of Report

In the last meeting, discussion once again turned to the development and completion of a Task Force report to the Commission in response to the Commission mandate given to the Task Force in Docket No. 90-035-06. December 31, 1993 was proposed as a goal for completion of the report. The following is a brief, suggested outline for the content of the report.

**Commission Mandate**

- What Commission asked for

**Task Force Objectives Statement**

- What Task Force wished to accomplish

**Task Force Actions to Address Objectives**

- What Task Force did accomplish
- Outstanding Action Items, Future Action Required

**Performance Assessment of Actions Taken by Task Force**

- Did actions accomplish objectives? Commission mandate?

**Task Force Recommendations to the Commission**

**Appendices**

- Standard Data Filing Form
- Quarterly Report Form on Program Progress
- Evaluation Guidelines
- Evaluation Review
- Cost-Benefit Equations

## Demand Side Resource Evaluation Task Force Report

### Commission Mandate

Review the progress of DSM programs.

Analyze issues of how best to calculate savings for DSR measures

Determine what methods are most appropriate for evaluating the success of the programs

Discuss what perspective should be taken when evaluating the cost-effectiveness of such measures and programs

How can DSM programs be consistently compared to supply-side resources

Examine targeted residential conservation and load management programs of the sort recommended by the Task Force to address high-use all-electric customers.

Recommend to the Commission how best to study the issue of eliminating disincentives and creating incentives for the Company to pursue its integrated resource plan

How best to study future ratemaking treatment of DSM programs

### Task Force Objectives Statement

Increase confidence in what the Company is doing with respect to demand-side resource acquisition, implementation and evaluation.

Develop reporting and evaluation protocols that make it transparent to the DSR Task Force and Commission, what is going on in DSR programs.

Determine a way in which results of evaluations can be used to improve integrated resource planning.

Determine an appropriate basis for comparing supply-side and demand-side resources.

Assure that the Company is securing cost-effective resources.

Assure that all dimensions of market, process, and impact evaluation have been examined and that all impacts of the program have been adequately captured and dimensioned by the evaluation effort, e.g., load building.

Make recommendations on evaluation methods both for

current programs and for programs that may be implemented in the future.

**Task Force Actions to Address Objectives.**

Review Evaluation Plans

Hire consultant:

For training

Establish Administrative Process for Evaluation

Review evaluation plans and reports

Establish Evaluation Protocols

Develop standard formats/requirements for the reporting of program progress and evaluation results

Develop standard formats/requirements for proposed programs.

Thorough discussion of cost-benefit analysis for DSR programs per perspective and discussion of the use of a 10% adder for TRC cost-effectiveness.

Recommendation on cost-benefit analysis computations

**Performance Assessment of Actions Taken by Task Force**

**Task Force Recommendations to the Commission**

DEMAND SIDE RESOURCE TASK FORCE CHARTER

DOCKET NO. 90-035-06 ESTABLISHED THE DSR TASK FORCE

TASK FORCE TASKS:

- 1- Analyze the issues of how best to calculate savings from DSM measures and what evaluation methods are most appropriate for evaluating the success of the program.
- 2- What perspective should be taken when evaluating the cost effectiveness of such measures and programs.
- 3- How can DSM programs be consistently compared to supply side resources.
- 4- Recommend to the Commission how best to study the issue of eliminating disincentives and creating incentives for the Company to pursue it's Integrated Resource Plan (IRP) and how best to study future ratemaking treatment of DSM programs.
- 5- Examine targeted residential conservation and load management programs, such as addressing the higher use Schedule 5 program.
- 6- Prepare a joint recommendation to the Commission on all of these issues.

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more efficiently done at the beginning of a program. Company has testified that demand-side resources will be an important component of its future resource mix. The utility industry has had relatively little experience in evaluating the benefits and costs of such programs. The Commission finds that these issues can best be discussed in an informal collaborative manner and then brought before the Commission. The Commission finds that the task force should include all the recommended parties and should also be open to interested public parties.

It is the Commission's desire that the task force analyze the issues of how best to calculate the savings from the DSM measures and what evaluation methods are most appropriate for evaluating the success of the program. The group should discuss such issues as what perspective should be taken when evaluating the cost effectiveness of such measures and programs, and how can DSM programs be consistently compared to supply-side resources. The Commission would like the Task Force to recommend to the Commission how best to study the issue of eliminating disincentives and creating incentives for the Company to pursue its integrated resource plan and how best to study future ratemaking treatment of DSM programs. The Task Force is also requested to examine targeted residential conservation and load management programs of the sort recommended in this docket by the Committee to address the high-use Schedule 5 problem.

TASK #1

TASK #2

TASK #3

TASK #4

TASK #5



4. Demand Side Management (DSM) Programs as a Means of Accomplishing Consolidation

Finally, DSM programs are considered as a means of protecting high-use Schedule 5 customers from the rate impacts of consolidation. The Commission finds that DSM programs either are not available or are under development and under review in the RAMPP II process. The Commission concludes that it is premature at this time to rely on such programs to mitigate the impacts of consolidation.

Based on the discussion of the declining block rate design, the increased customer charge, and DSM programs in sections 2-4 above, the Commission concludes that complete consolidation of residential service in this docket is inappropriate.

Frozen rate schedules, however, are troublesome for the Company and the Commission. The Commission desires future consolidation of Schedule 5 and Schedule 1 when cost justified. The Committee's recommendation to employ DSM programs to facilitate consolidation, though not adopted in this Docket, merits further study. The Commission finds that DSM programs should be consistent with the Company's integrated resource plan, but additional effort should be made to target DSM programs to the remaining Schedule 5 customers. The DSM task force established by this Order is requested to analyze the possibility of using Schedule 5 to test appropriate future DSM programs.

TASK #5

load research and data collection so that this regulatory body can make appropriate decisions on cost allocation, rate design and evaluation of DSM programs. The Division is instructed to monitor the Company's efforts in this area periodically.

B. DEMAND-SIDE MANAGEMENT (DSM)

Testimony and evidence show the Company has begun to promote demand-side management programs in this jurisdiction. This effort has full Commission support. The Commission is aware, however, that the Company's experience is generally in the Pacific northwest. Circumstances are different in this jurisdiction, and perhaps in ways that may affect program design and application. The Company must employ programs here which recognize such differences.

Division witness Hutchinson recommended that a task force be convened to discuss the evaluation of current and future DSM programs. He recommended that the task force consist of representatives from the Company, the Commission, the Division, the Committee, and others to develop evaluation criteria for Utah programs and to review progress of these DSM programs. This will hopefully lead to a joint recommendation to the Commission.

Task#  
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The Commission finds that such collaborative meetings held during the development and initial implementation of DSM programs have merit. Any adjustments and revisions to programs are