

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Consideration of the
Amendment of Title 16 U.S.C. 2621(d) and
the Addition of Title 42 U.S.C. 6344 by the
U.S. Energy Independence and Security Act
of 2007

DOCKET NO. 08-999-05

**Comments of Utah Clean Energy
Submitted June 15, 2009**

Background

As stated in the Utah Public Service Commission's Request for Comments, issued May 11: "On April 30, 2009, the Division of Public Utilities ("Division") on behalf of a work group consisting of representatives of the Division, the Committee of Consumer Services, Utah Clean Energy, Sego, Wal-Mart, Rocky Mountain Power/PacifiCorp, Questar Gas Company, Western Resource Advocates, IBEW Local 57, Salt Lake Community Action Program, Utah State Energy Program, Intermountain CHP Center, Central Valley Water, and the Utah Association of Energy Users (collectively, the "Work Group"), filed with the Utah Public Service Commission a recommendation regarding the Public Utility Regulatory Policies Act ("PURPA") Integrated Resource Planning Standard No. 16 for electric utilities enacted by the 2007 Energy Independence and Security Act."

Standard No. 16 is as follows:

PURPA 111(d) Standard 16

(16) INTEGRATED RESOURCE PLANNING - Each electric utility shall

(A) integrate energy efficiency resources into utility, State, and regional plans; and

(B) adopt policies establishing cost-effective energy efficiency as a priority resource.

In its recommendation, "the Work Group concluded the Commission should not adopt this standard because comparable standards, practices, and policies are already in place and adoption

of the standard is unnecessary” (docket 08-999-05: Request for Comments - Issued May 11; underline added).

Utah Clean Energy Comments

Utah Clean Energy (UCE), a 501c3 non-profit organization and participant in the aforementioned work group, appreciates the involvement and hard work from all parties that went into the final report and recommendation on the matter of the PURPA Integrated Resource Planning Standard No. 16.

UCE respectfully submits these comments to address a concern with the final recommendation submitted to the Commission on behalf of the group regarding standard EISA sec. 532, PURPA 111(d) Standard 16(B).

While UCE agrees with the concept that Utah meets the requirement stated above, we do not believe that the report delivered to the Public Service Commission on April 30, 2009 reflected accurate language toward this end. In the final iteration of the draft work group recommendation report, UCE made the following suggested amendments to the language in order to call out and clarify exactly how Utah meets the requirement set forth in standard 16(B) and address the statement that “comparable standards, practices, and policies are already in place and adoption of the standard is unnecessary”:

While equal comparison with supply side resources does not make energy efficiency a priority resource, this IRP provision coupled with HJR9 *will* be interpreted to establish energy efficiency as a priority resource, thereby satisfying standard 16(B). (see page 6-7 of attached draft document: “Second Draft PURPA Report – All 4_9_09_UCE Comments” *Italics added for emphasis*)

This language was not included in the final work group report submitted on April 30, 2009. Without this language included in the report, it is not clear that Utah meets the requirements of 16(B) to establish cost-effective energy efficiency as a priority resource. The IRP process evaluates energy efficiency on equal and comparable basis (no clear priority established), and Utah has voluntary state policies that call for energy efficiency to be a priority resource (Utah Policy to Advance Energy Efficiency in the State¹ and House Joint Resolution 9 - Joint Resolution on Cost-effective Energy Efficiency and Utility Demand-side Management²).

¹ Governor’s Energy Policy, Utah Policy to Advance Energy Efficiency in the State, URL: http://energy.utah.gov/energy/governors_priorities/utah_policy_to_advance_energy_efficiency_in_the_state.html

² HJR 9 – House Joint Resolution on Cost-effective Energy Efficiency and Utility Demand-side Management, Utah State Legislature, Sponsor: Rep. Roger Barrus, 2009. URL: <http://le.utah.gov/~2009/bills/hbillenr/hjr009.htm>

However, as the work group report is currently written, there is no clarity as to how any of these combined represent an equivalent utility policy or standard establishing cost-effective energy efficiency as a priority resource. While our original proposed language may not be the best means to identify this clearly in the report, we feel strongly that the report and subsequent Commission ruling should include a clear statement of how energy efficiency will be treated as a priority resource and demonstrate that Utah indeed meets the requirements set forth in the PURPA standard.

Without a statement of this nature included in the recommendation, we do not support the position that Utah is in compliance with 16(B) or that the standard is “unnecessary.”

Additionally, on a related note, the Division filed a recommendation to adopt the PURPA Integrated Resource Planning Standards No. 5 – Integrated Resource Planning and No. 6 – Rate Design Modifications to Promote Energy Efficiency Investments applicable to natural gas utilities enacted by the 2007 Energy Independence and Security Act (May 28, 2009) “because these standards are essentially in place or are currently being considered, and are consistent with state law.” (Docket No. 08-999-06 - Request for comments, issued June 2, 2009).

It is important to note that Standard No. 5(B) is nearly identical to standard 16(B):

INTEGRATED RESOURCE PLANNING – Each natural gas utility shall

(A) integrate energy efficiency resources into the plans and planning processes of the natural gas utility; and

(B) adopt policies that establish energy efficiency as a priority resource in the plans and planning processes of the natural gas utility. 15 USCS § 3203 (a) (5).

The Division, in their recommendation, concluded that the “Standard (5) and Standard (6) are appropriate for the state of Utah and are not inconsistent with state law” and “the requirements in Standard 6 subtitle (A) and subtitle (B) also may be interpreted to conform with current Commission practice as witnessed by the creation of the CET tariff and subsequent promotion of the Company’s DSM pilot programs as approved in Docket No. 05-057-T01³, as well as the focus of on-going rate design issues presented in QGC’s last rate case in Docket No. 07-057-13. The Division recommends the Commission adopt Standard (6).” (Division of Public Utilities Memorandum to the

³ Commission orders issued May 26, 2006 and January 16, 2007, Docket No. 05-057-T01

Commission, issued May 28, 2009).

Recommendation

Pursuing and adopting all cost-effective energy efficiency across all sectors and establishing a standard that clearly identifies that cost-effective energy efficiency is a priority resource will benefit Utah consumers, businesses, and government. By adopting the standard for electricity and natural gas, the Commission can remove any ambiguity on the matter of how energy efficiency is treated in either utility planning process, and it will help foster existing and future efforts to help more people increase their energy efficiency, thereby saving energy and money.

As such, UCE recommends that the following action on this matter be taken:

- 1) The Commission adopt the PURPA Integrated Resource Planning Standard No. 16 for electric utilities enacted by the 2007 Energy Independence and Security Act, as written.

- OR -

- 2) The Commission Order include clear language as to how existing policies and procedures clearly establish cost-effective energy efficiency as a priority resource in utility planning in contrast to evaluating energy efficiency only on an equal and comparable basis with supply side resources, to demonstrate that Utah meets the requirement set forth in standard 16(B).

UCE appreciates all the efforts that have gone into this important matter thus far, and we thank the Division for their initiative on the work group and for the opportunity to be involved.

Thank you for your consideration of these comments. Any questions regarding this matter can be directed to Sarah Wright with Utah Clean Energy at sarah@utahcleanenergy.org or (801) 363-4046.