

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 “Consideration of smart grid investments” and “Smart grid information”	Docket Number 08-999-05
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Comments of Utah Clean Energy
Submitted March 14, 2011

Background

Pursuant to its obligation to consider and determine whether or not it was appropriate to adopt the “Consideration of smart grid investments” and “Smart grid information” standards added to Title 1, Subtitle B of PURPA by the Energy Independence and Security Act of 2007, the Utah Public Service Commission initiated a smart grid work group to inform its decision. In response to information received during the smart grid work group meetings, the Division recommended that the Commission not adopt the “Consideration of smart grid investments” or “Smart grid information” standards. Subsequently, several parties filed comments with the Commission responding to the Division’s recommendation. In its final determination, the Commission declined to adopt the “Consideration of smart grid investments” standard, but did adopt the “Smart grid information” standard. In addition to ordering adoption of the “Smart grid information standard,” the Commission ordered the Company and DSM Advisory Group to review Home Energy Reporting and recommend whether adoption of a HER program was appropriate and, if so, estimates of the costs and timing necessary to implement such a program. *19 Determination concerning the PURPA smart grid investment and smart grid information standards*, December 17, 2009 (hereinafter *08-999-05 Order*).

The Company’s Review of “Home energy reports”

Utah Clean Energy, along with the other parties named in the Review (Brendle et al.), as well as groups such as the Southwest Energy Efficiency Project, have a strong interest in the role that behavioral programs, as facilitated by Home Energy Reporting, can play in adding value to and garnering additional electricity savings from existing utility energy efficiency programs. We commend the time, effort, and analysis undertaken by the Company in reviewing and providing recommendations regarding the development of a Home Energy Report (HER) program.

The Review filed by the Company on February 28, 2011 represents a very positive opportunity to better understand the potential for behavioral programs to improve energy literacy and foster

more energy-conserving behaviors, while also garnering additional electricity savings through existing utility energy efficiency programs. We support the Company's proposal to offer the HER program on a pilot basis as an exploratory effort, and support the Company's proposed timeline for implementation of this program.

We agree with the Company that the investment required for the development of the pilot program should be recovered through the Company's cost adjustment tariff, Schedule 193, as a Commission-approved demand side management expenditure. While we believe that many more customers beyond the "higher average use households" proposed by the Company would likely benefit from participating in a HER program, we recognize the cost-effectiveness value of targeting higher average use households for purposes of a pilot program.

We recommend that the Commission and Company consider the option of *modifying* the pilot program prior to the Company's proposed *cancellation* of it in the event that "1) program costs/requirements exceed initial forecasts/expectation, 2) program savings are less than anticipated, 3) customer reaction is not positive, or 4) the program economics warrant such cancellation." 6 *Review of "Home Energy Reports," Docket No. 08-999-05*, February 28, 2011 (hereinafter *Review*). Prior to cancellation, modifications to the program to maintain energy savings, cost effectiveness, and program viability should be considered.

Additionally, we would like the Company and the DSM advisory group to look at means to distribute HER information to all customers in a cost-effective manner.

"Smart grid information" standard

Although the Company's *Review* provides useful information on and a framework for an interesting and cost-effective component of the Company's DSM efforts, the Company's review does not address the entire Smart Grid Information Standard adopted by the Utah Commission. The direction to evaluate a HER program was *additional* to the Commission's adoption of the Information Standard: "We find that much of the information pertaining to the Company's electric service rates and air emissions is available through other means at the present time therefore adoption of the Standard will not disadvantage the Company. Adoption of the Smart Grid Information Standard reflects our belief that customers require information to make informed decisions regarding energy usage. We *also* find merit in Home Energy Report introduced by Brendle at al[.] in this docket . . ." 08-999-05 *Order* at 18-19 (emphasis added).

The Company should provide certain information to customers "to the extent practicable" in order to comply with the rest of the standard. See 08-999-05 *Order* at 15. This information includes time-based electricity prices, a customer's usage in kWh, and annual written information on the sources of power provided by the Company, by type of generation, including greenhouse gas emissions associated with each type of generation.

The Smart grid information standard follows:

(17) SMART GRID INFORMATION—

(A) STANDARD—All electricity purchasers shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider as provided in subparagraph (B).

(B) INFORMATION—Information provided under this section, to the extent practicable, shall include:

(i) PRICES—Purchasers and other interested persons shall be provided with information on—

(I) time-based electricity prices in the wholesale electricity market; and

(II) time-based electricity retail prices or rates that are available to the purchasers.

(ii) USAGE.—Purchasers shall be provided with the number of electricity units, expressed in kwh, purchased by them.

(iii) INTERVALS AND PROJECTIONS—Updates of information on prices and usage shall be offered on not less than a daily basis, shall include hourly price and use information, where available, and shall include a day-ahead projection of such price information to the extent available.

(iv) SOURCES—Purchasers and other interested persons shall be provided annually with written information on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis.

PURPA § 111(d)(17); 16 U.S.C. § 2621(d)(17).

The Commission found that, because “much of the information pertaining to the Company’s electric service rates and emissions is available through other means,” the Company could adopt the smart grid information standard without disadvantage. *08-999-05 Order* at 18. These other means include the following:

- rate schedules are available on the Company’s internet site;
- residential bills are annotated with usage and rates;
- residential customers are able to access billing information through the internet; and
- sources of the Company’s electric power are available in the IRP and FERC Form 1.

(The Commission found that other requirements in the standard were not applicable to RMP, including critical peak and day-ahead pricing as well as hourly rates.) *08-999-05 Order* at 18.

The Commission also found that “the purpose of the Smart Grid Information Standard is to provide customers sufficient information such that they are able to make informed decisions about their electricity usage and emissions footprint.” *08-999-05 Order at 17-18*. Utah Clean Energy agrees that customers should be able to access sufficient information to be informed about their energy decisions and associated greenhouse gas emissions.

Although the Commission noted that much information is already available, the fact that the information is available somewhere does not indicate that the Company is already in compliance with the standard; it merely indicates that it would be practicable for the Company to comply with the standard. In order to provide sufficient information, the Company should make the “smart grid” information sufficiently easy for all customers to access. Individual customers should not have to track down certain Company websites, the Company’s FERC Form 1¹ or IRP in order to learn about the sources of their electricity, for example. In order to comply with the “Smart grid information” standard, the Company needs to facilitate direct access to meaningful information.

We believe that for the Company to comply with the standard, the required information should be made sufficiently easy for all customers to access. Information about *rates, usage, and sources* of electricity should be made available in *regular and predictable intervals and locations* (e.g. quarterly in the *Voices* newsletter and on customer account web pages).

As noted by the Commission, the Company currently makes information about electricity *usage* available every month on customer bills and on-demand through customers’ account web pages, where customers can view and download information about current and past electricity use. Additionally, a limited amount of information about electric *rates* is available in various locations, including in the annual Consumer Information mailer.² More detailed information about the Company’s summer tiered rates can be found on a hard-to-find Company website³ and on an irregular basis in the *Voices* newsletters.⁴

Information about electricity *sources* is available in very few and difficult-to-access places. It appears that this information can be found only in occasional *Voices* newsletters,⁵ in the Company’s Integrated Resource Plan⁶, and in FERC Form 1. In other words, information on electricity sources is nearly inaccessible to the vast majority of the Company’s customers who, despite likely interest in the sources of their electricity, are unaware of the Company’s planning

¹ It is doubtful that customers even know about the existence of FERC Form 1, much less how to find it and benefit from the information it contains.

² Rocky Mountain Power, *Consumer Information*; online PDF available at: http://www.rockymountainpower.net/content/dam/pacificorp/doc/CCCom_Update/December_10/RMP_PricingInsert_UT-res.pdf.

³ Rocky Mountain Power, Summer Electric Rates webpage available at: <http://www.rockymountainpower.net/res/sem/epi/utah/str.html>

⁴ For example,; see Rocky Mountain Power, *Voices*, Volume 14, Number 5 (Utah July/August 2010) , available at *Voices* Newsletter; online PDF http://www.rockymountainpower.net/content/dam/pacificorp/doc/CCCom_Update/July_10/VoicesUT.7.10.k.pdf.

⁵ Past editions of Rocky Mountain Power, *Voices* newsletters available at: <http://www.rockymountainpower.net/res/vn.html>

⁶ Rocky Mountain Power, *Integrated Resource Plan*, available at <http://www.rockymountainpower.net/about/irp.html>

process, the IRP document, or federal documents like FERC Form 1. It is unreasonable to expect the average customer to know about the existence of these long and complex documents and read them to identify the sources of their electricity. Additionally, as discussed more below, information provided to customers regarding renewable energy sources must be accurate and not misleading.

We recommend providing additional information about electricity *rates* and *sources* on a more frequent basis and in locations that are easier to find and more predictable, such as in quarterly *Voices* newsletters and on customer account web pages. This information should more closely resemble the frequency and location of *usage* information currently presented to customers on monthly bills and customer account web pages. The aforementioned information should be presented clearly and comprehensibly. Utah Clean Energy believes that providing this information will better inform customers about their energy decisions, which is the purpose of the Smart Grid information standard.

Information on electricity sources and emissions

With regard to providing customers with information on the *sources* of electricity and associated greenhouse gas emissions, as required by the Smart grid information standard, Utah Clean Energy strongly encourages the Company and the Commission to heed the guidance issued by the Federal Trade Commission (FTC) on not misleading consumers with claims of renewable energy. The FTC *Green Guides*⁷ are a tool to assist marketers in formulating accurate and factually defensible environmental claims about products. The purpose of providing accurate, non-misleading information to consumers is highly applicable to the smart grid information standard.⁸

As the Commission emphasized, the purpose of the Smart grid information standard is to provide customers with sufficient information to make informed decisions about their electricity usage, particularly with regard to their emissions footprints. *08-999-05 Order* at 17-18. In providing information to customers about the sources of electricity and associated emissions, the Company needs to take extra care not to convey misleading information that would compromise customers' ability to make informed decisions and understand the consequences, including GHG emissions, of their energy consumption choices. Of particular relevance to the Smart grid information standard is the proposed addition to the Green Guides regarding renewable energy claims, which states,

⁷ *Proposed Revisions to the Green Guides*, available at <http://www.ftc.gov/os/fedreg/2010/october/101006greenguidesfrn.pdf>.

⁸ "The guides apply to environmental claims in labeling, advertising, promotional materials, and all other forms of marketing in any medium, whether asserted directly or by implication, through words, symbol, logos, depictions, product brand names, or any other means." Proposed revision to 16 C.F.R. 260.1 (at page 194), available at <http://www.ftc.gov/os/fedreg/2010/october/101006greenguidesfrn.pdf>.

Research suggests that reasonable consumers may interpret renewable energy claims differently than marketers may intend. Unless marketers have substantiation for all their express and reasonably implied claims, they should clearly and prominently qualify their renewable energy claims by specifying the source of the renewable energy (e.g., wind or solar energy). . . . If a marketer generates renewable electricity but sells renewable energy certificates for all of that electricity, it would be deceptive for the marketer to represent, directly, or by implication, that it uses renewable energy.

223-24 *Proposed Revisions to the Green Guides*,⁹ 16 C.F.R. 260.14(b) and (d).

In other words, the Company must help consumers interpret renewable energy claims correctly and cannot claim the renewable energy attributes of renewable generation if the associated RECs have been sold or otherwise transferred. Therefore, the Company must take care when providing information on the sources of its electric generation to explain and clarify the emissions profiles of and distinctions between the electrical output of a renewable resource with and without RECs.

For example, in the current (2011) Integrated Resource Plan draft, the Company provides pie charts of its resource energy and capacity mixes. 199-200 *PacifiCorp 2011 Integrated Resource Plan Volume 1—Main Document, Public Draft Version for Comment* (Version Date: March 7, 2011). The renewable portions of the pie charts have asterisks with the following disclaimer: “Renewable resources include wind, solar, and geothermal resources. Renewable energy generation reflects categorization by technology type and not the disposition of renewable energy attributes for regulatory compliance requirements.” *Id.*

Although the Company specifies the sources of renewable energy (*see* section 260.14(b)¹⁰), the small print disclaimer about renewable energy attributes is likely insufficient to help many electricity users interpret the practical meaning and emissions profile of the “renewable energy” portion of the pie chart.

Similarly, the Company’s newsletter, *Voices*, from April 2010 shows a resource mix pie chart (current as of 2009, including purchases) claiming 12.2% renewable energy. *Voices*, Volume 14, Number 3 (Utah April 2010).¹¹ Such a pie chart is misleading to consumers if any of the renewable energy attributes of that 12.2% of the resource mix have been sold. The renewable energy piece of the pie chart should reflect only the renewable energy for which renewable energy attributes (RECs) have been retained or purchased. As explained by the proposed additions to the Green Guides, “Even if the company uses the electricity generated by [a

⁹ Available at <http://www.ftc.gov/os/fedreg/2010/october/101006greenguidesfrn.pdf>.

¹⁰ At page 222, available at <http://www.ftc.gov/os/fedreg/2010/october/101006greenguidesfrn.pdf>.

¹¹ Available at

http://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/Your_Account/Pay_Your_Bill/Highlights_April_10/VoicesUT.4.10.pdf.

renewable resource], it has, by selling the renewable energy certificates, *transferred the right to characterize that electricity as renewable*. The company's claim [that a percentage of its electricity is power by renewable energy] is therefore deceptive." Section 260.14, Example 2 (emphasis added).¹²

Additionally, with regard to the 12.2% figure, it is not stated whether it represents the percentage of energy or the percentage of capacity. For ease of understanding, energy figures should be used.

In order to fulfill the purpose of the smart grid information standard, the Company must provide accurate, non-deceptive information to customers about its resource mix and associated emissions profile. The Company must not claim the renewable attributes of renewably generated electricity if it has transferred those attributes. Customers must be provided with accurate information in order to make informed energy choices.

“Consideration of smart grid investments” standard

Although the Commission did not adopt the “Consideration of smart grid investments” standard, the Division suggested, and the Commission agreed in its *08-999-05 Order* that the Company should “follow and evaluate the smart grid pilot programs and projects in the developmental state throughout the country to gain more useful knowledge and experience and . . . file and annual report summarizing its work of monitoring these projects and actions taken by the Company to evaluate or implement smart grid technology.” *08-999-05 Order* at 6; *see also* *08-999-05 Order* at 14 (“We find merit in the Division and the Company’s recommendation regarding monitoring the development of smart grid technologies and to consider their implementation as technologies mature and cost effectiveness analyses demonstrate appropriate benefits to the Company and its customers . . . and direct that smart grid monitoring activities be conducted and reported.”).

Utah Clean Energy is interested in the results of the Company’s tracking of smart grid pilot programs and developmental projects. What is the status of this report? Are the Company’s annual reports available for public review? If so, we request that a copy also be shared with members of the DSM Advisory Group once the report is available.

¹² At page 223, available at <http://www.ftc.gov/os/fedreg/2010/october/101006greenguidesfrn.pdf>.