

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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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 Southwest Energy Efficiency Project and  
Utah Clean Energy**  
Submitted May 9, 2011

**Background**

On February 28, 2011, Rocky Mountain Power (the Company) filed a “Review of Home Energy Reports” (Review). The commission invited interested parties to submit detailed written comments, responding to the Company’s Report and its underlying assumptions and associated recommendations. In response to the Commission’s request, Southwest Energy Efficiency Project (SWEEP), in conjunction with Utah Clean Energy (UCE), offers recommendations for the purpose of supporting the development of a cost effective and successful Home Energy Report (HER) program. (For further background please see UCE’s comments filed in this Docket on March 14, 2011.)

SWEEP and UCE are supportive of the Company’s proposal for a HER program. This program presents an important 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.

Below, SWEEP and UCE outline several recommendations for consideration as the Company develops and implements this program. These recommendations are intended to contribute greater detail to the discussion among the Commission, the Company, and the DSM Advisory Group. We recommend that the Commission approve this program and incorporate these recommendations as development and implementation of this pilot move forward.

These comments are additional and supplemental to those submitted by Utah Clean Energy on March 14, 2011.

## **Recommendations and Questions**

### **1. Home Energy Report Objectives**

SWEEP and UCE recommend that Rocky Mountain Power (“the Company”) explain the elements of a proposed Home Energy Reports program for the purpose of clearly communicating specific program deliverables and benefits. This information will help inform the intent and value of the program by demonstrating how information and recommendations provided to program participants are likely to generate energy savings. A secondary benefit of defining elements of a Home Energy Report is to insure that the Company is able to directly communicate the precise product that they would like to deliver to their customers. This information will ensure that the Company provides the successful program vendor with clear direction and deliverables.

SWEEP and UCE recommend that the Commission recognize the intent of the pilot as broader than merely an assessment of its cost-effectiveness and economics. In its Review filed with the Commission, the Company asked the Commission to recognize the Home Energy Reports’ “pilot designation as an admission by the Company that much is yet to be learned regarding home comparison reports” and that “offering a program at this time is intended to further the Company’s and the State of Utah’s understanding, not be a guarantee of the program’s economics or effectiveness.” Review at 6. The Division, in its comments, said that the Company recommended that “The Commission should recognize that [the] pilot designation is intended to learn more about the program and its economics and effectiveness.” Division comments at 4.

We recommend that the Commission use a broad enough scope for this pilot program such that the effectiveness analysis encompasses more than economic cost-effectiveness. Narrowing the scope of this program to an investigation of cost-effectiveness unnecessarily precludes an opportunity to evaluate other ways that this program can be effective. We recommend that the Commission recognize a broader intent for this program. For example, in addition to economic analyses, this program provides an opportunity to evaluate effective strategies for engaging consumer behavior as a driver of energy savings. Improving energy literacy has the potential to foster a greater energy conservation ethic among consumers. Energy literacy and resultant consumer behavior are an, as yet, untapped resource for reducing energy demand.

Therefore, in addition to cost-effectiveness, this pilot program should dedicate analysis to the following:

- To what extent do Home Energy Reports drive greater participation in existing and future energy efficiency programs? How will the Company track energy savings that are influenced by the HER program?

- What are the most effective messages and methods of prompting consumers to take action to improve energy efficiency? Do these methods and messages vary by usage level or other demographic?
- What software developments are available to tailor specific recommendations to specific households based on energy usage, age of house, household size, etc.?
- How might such a program integrate ‘smart grid’ technology in the future?

We also recommend that the DSM Advisory Group convene a meeting to brainstorm recommendations and evaluation criteria for driving and measuring greater energy savings that results from behavioral changes.

2. Explain how the company plans to integrate DSM offerings with Home Energy Reports.

A. What is the intended interaction between the Company’s current DSM program portfolio and the proposed Home Energy Reports?

SWEEP and UCE recommend that the Company develop a participation flow chart to demonstrate how DSM program offerings will be promoted through a Home Energy Reports program. Beyond engaging direct customer behavior in homes, this energy efficiency program type provides an opportunity to promote and drive greater participation in specific DSM programs given customers’ energy usage patterns and energy use per square foot of living space.

B. How will data gathered by a Home Energy Reports program be used to help participants save energy?

SWEEP and UCE recommend that the company provide information about the data collection and analysis planned for the Home Energy Report program. A primary focus of this program type is the analysis of participant electricity usage patterns, which is the basis for recommendations that will hopefully result in electric savings. The Company should provide data points to be collected by the program and provide information outlining how this data will be analyzed and converted into energy saving recommendations.

C. What energy-saving tips and recommendations are planned for Home Energy Reports? What is the basis for matching tips and recommendations to participants?

SWEEP and UCE recommend the development of energy-saving tips and recommendations to offer participants of the Home Energy Reports program, and that the Company present these recommendations to the DSM Advisory Group for review. Such tips and recommendations should be designed to help customers overcome informational, technical, and financial barriers to saving energy. The Company should seek input on Home Energy Report recommendations as a best practice in program design and implementation. Valuable information may be

provided by stakeholders to supplement the quality of products delivered through this important energy saving program.

3. SWEEP and UCE recommend that the Company include adequate flexibility in the program plan to facilitate adjustments and improvements to the performance of its Home Energy Reports program to meet planned benefit cost ratios. Examples of these elements include offering participants special incentives to participate in DSM programs, no cost instant energy savings measures such as CFL's and low flow devices, and personal energy concierge services to guide participants through DSM programs. SWEEP and UCE recommend that the DSM Advisory Group be convened by the Commission on a quarterly basis to review opportunities to facilitate the success of this pilot.
4. What are the key features of Home Energy Reports?  
SWEEP and UCE recommend that the Company develop a list of key features included in the Home Energy Reports program. This list of features should communicate the information, products, services, and customer recommendations provided through the program. For example, these features should be designed to address the PURPA Smart Grid Information Standard requirements. The Company should provide examples of how information about *price*, *usage* and electricity *sources* will be incorporated into the Home Energy Reports, as per the Smart Grid Information Standard.
5. Customer Participation in Home Energy Report Program  
Evaluations of similar Home Energy Report programs offered by Sacramento Municipal Utility District in California show that while high use participants save an average of 2.2% of their electric usage, low electric use participants saved on the average 1.6%<sup>1</sup>. While SWEEP and UCE agree with the company's plan of *targeting* high use customers for program participation due to the higher potential of energy savings, we recommend that the Company provide all customers with an opportunity (perhaps on an opt-in basis) to participate in this program. SWEEP and UCE recommend that the Company develop a plan to include a mix of customers in determining the expected cost-effectiveness of a HER program, with the expectation that the program will be available to all customers and not limited to high use customer participation.
6. Home Energy Reports Marketing and Customer Screening  
SWEEP and UCE recommend that the Company develop a marketing plan designed to promote the Home Energy Reports program to all Utah customers. Customer awareness of DSM program offerings will certainly be improved through effective marketing efforts. In

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<sup>1</sup> IMPACT EVALUATION OF OPOWER SMUD PILOT STUDY: UPDATE – September 24, 2009, Summit Blue Consulting, LLC. Available at: <http://www.opower.com/LinkClick.aspx?fileticket=naU7NN5-430%3D&tabid=72>. Attached.

addition to program marketing, SWEEP and UCE recommend that the Company develop a screening process to ensure that customers are truly interested and committed to participating in the Home Energy Reports program. Customer screening is a well known strategy for improving effectiveness of DSM programs. SWEEP and UCE recommend that the Company develop a program screening flow chart that clearly demonstrates the screening questions and process to enrolling Home Energy Report participants.

#### 7. Home Energy Reports Cost

In a review of similar Home Energy Reports programs, the cost projected by the Company to deliver a Home Energy Report to its Utah electric customers may be high. For example, Sacramento Municipal Utility District has delivered a Home Energy Reports program to 35,000 customers at a total cost of \$336,366<sup>2</sup> or an annual cost of \$9.61 per participant. This is the total program cost for monthly Home Energy Reports, including 3<sup>rd</sup> party implementation, internal administration, marketing, and evaluation costs. The table on page 4 of the Company's Review did not break out internal administration costs; however, the annual program costs projected by the Company are \$14.19 per customer for option 1 and \$12.57 per customer for option 2—an increase of 48% or 31% (respectively) over the program delivered by SMUD. Are these costs comparable with the cost identified in the SMUD report? We suggest that the Company and the DSM Advisory Group review proposed program costs and look for ways to reduce costs, particularly in the area of administration.

#### **Conclusion**

SWEEP and UCE commend the time, work, and analysis undertaken by the Company in reviewing and providing recommendations regarding the development of a Home Energy Report (HER) program. We appreciate the opportunity to provide comments on this promising program.

For a wider discussion of the 08-999-05 Docket (PURPA Smart Grid Investment and Information Standards), please see Utah Clean Energy's comments, filed with the Commission on March 14, 2011.

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<sup>2</sup> SMUD 2009 Public Good Expense Report, available at <http://www.smud.org/en/about/Documents/reports-pdfs/2009-Public-Good-Expense-Report.pdf>. Attached.