

- 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 )  
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DOCKET NO. 08-999-05  
  
ORDER ON  
HOME ENERGY REPORTS

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ISSUED: June 6, 2011

By The Commission:

In our December 17, 2009, “Determination Concerning the PURPA Smart Grid Investment and Smart Grid Information Standards” (“Determination”), we directed the DSM Advisory Group to review the “Home Energy Report,” as introduced by a group of parties consisting of the Brendle Group, Park City Municipal Corporation Environmental Sustainability Department, the Environmental Defense Fund, the Town of Alta, and Utah Clean Energy (collectively referred to as “Brendle et al”). Brendle et al argues such a reporting program helps to better inform residential and commercial customers about their energy usage and emissions footprint. We indicated information provided through a Home Energy Report could have an immediate beneficial impact on energy conservation in PacifiCorp’s (“Company”) (d/b/a Rocky Mountain Power) Utah service territory. The Commission directed the DSM Advisory Group to review the Home Energy Report and provide a recommendation whether such a report is appropriate and, if so, include an estimate of the costs and timing necessary to implement such a reporting program.

In response to this directive, the Company filed a “Review of Home Energy Reports” (“Report”) on February 28, 2011. On March 30, 2011, we invited interested parties to submit detailed written comments by May 2, 2011, responding to the Company’s Report, its

underlying assumptions, and its associated recommendations.<sup>1</sup> On April 28, 2011, the Governor's Energy Advisor's Office requested an extension of time to file comments. In response, the Commission extended the comment deadline to May 9, 2011. Between May 9, 2011, and May 11, 2011, the following parties provided comments: The Division of Public Utilities ("Division"), the Office of Consumer Services ("Office"), Southwest Energy Efficiency Project and Utah Clean Energy ("SWEEP/UCE"), Park City Municipal Corporation, Enerlyte, Inc, and the Governor's Energy Advisor.

In the Report the Company concludes a program to provide home comparison reports, or home energy reports, should be considered for implementation in Utah. According to the Company, a growing number of utilities offer home comparison reports, primarily on a pilot basis. These utilities are evaluating customer reactions to such reports and, among other things, are evaluating resulting energy savings, program cost effectiveness, and are seeking to understand measurement and verification requirements and challenges.

The Report indicates potential energy savings from customers' behavioral actions can be low in cost and are similar to energy efficiency education efforts that have been in place for many years. The primary difference is that home comparison reports seek to foster a comparative approach with a focus on measurement, tracking, and reporting of energy savings. The Company notes home comparison reports are growing in popularity and use.

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1. On March 14, 2011, Utah Clean Energy independently filed Report comments in this docket. Utah Clean Energy re-submitted Report comments jointly with the Southwest Energy Efficiency Project in response to the Commission's March 30, 2011 request.

Implementation of home comparison reports has prompted a measure of customer concerns regarding privacy. According to the Report, the type of data required, and in some cases, unflattering energy use comparisons have led some customers to voice their concerns and even cancel their participation in such programs. The Company indicates these concerns could result in Commission inquiries or complaints if a home comparison report program is offered in Utah.

The Report notes commercially prepared home comparison reports are generally priced on a per household basis. The Company maintains this requires each household to realize sufficient energy savings to justify the cost. The Report indicates households with above average energy consumption would be the primary target for such programs (i.e., programs priced on a per-report prepared basis) since such homes provide a greater opportunity for savings and thus greater savings achieved.

According to the Report, to provide good comparison reports for each home treated within the targeted households, a corresponding “control” group of comparable homes not receiving a home energy report must be identified and have their energy usage tracked. The Company contends a 50,000 household program requires effective management, monitoring, and tracking of monthly or quarterly energy usage (depending on frequency of the reports) of nearly 100,000 households. Moreover, participant households must have sufficient energy consumption to ensure a cost-effective program. In the near-term, according to the Company, this limits the applicability of the program to all customers. Thus, the Company states such a program requires access to and the management of significant amounts of energy use data and also requires

heightened levels of customer service and outreach to provide for dissemination of program information by the public.

In the Report, the Company estimates total energy savings of a three year home energy comparison reporting program with 50,000 to 75,000 participating households ranges from 48,960 megawatt-hours (“MWh”) to 73,440 MWh. Corresponding total costs of such a program are estimated to range from about \$2.1 million to \$2.8 million, for an average program cost ranging from between about \$0.0435/kilowatt-hour (“kWh”) to \$0.0385/kWh. As indicated by the results, the Company argues a larger pilot program (in terms of participation levels) helps mitigate the relatively static one-time start-up costs and may result in a modest reduction in per household report and data analysis cost. In addition to program participation levels, the Company argues average household use is the second largest key economic driver. The Report notes Utah’s residential household usage averages approximately 9,300 kWh annually. Under its pilot program, the Company would target participation homes with a weighted average household usage of 16,000 kWh annually.

The Company argues a measured approach is warranted at this time in the exploration of home comparison reports, and suggests the program be offered in Utah as a three-year pilot with an appreciation and understanding of the program’s strengths and limitations. If a pilot program is adopted, the Company recommends the pilot may be cancelled if: 1) program costs/requirements exceed initial forecasts/expectations; 2) program savings are less than anticipated; 3) customer reaction is not positive; or 4) the program economics warrant such cancellation.

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If a pilot program is pursued, the Company recommends an initial program size of 75,000 households. It also recommends selecting participants on the basis of higher average electricity use. According to the Company, these two recommendations provide the best opportunity for a pilot program's success. The Report states pilot program costs are not to exceed \$2.8 million over three years. The Report also shows the Company can implement a home comparison report program in 35-40 weeks. If a pilot program is pursued, the Company proposes recovering its costs through the existing tariff rider mechanism. This may require an adjustment to the existing collection rate, according to the Company.

PARTY POSITIONS

The Division recommends the Commission acknowledge the Report as compliant with the Commission's December 17, 2009, Determination in this docket. The Division agrees with the Company's proposal to introduce a home energy reporting effort and recommends the Commission accept the Company's proposal of introducing the home energy reporting program as a three-year pilot program. It also agrees with the Company's proposal to set the program size at the level of 75,000 households with high average energy usage. However, the Division recommends evaluating the program annually. It argues this evaluation should: 1) identify if the pilot program should be continued "as is"; 2) determine if the program should be continued with appropriate program design modifications; or 3) determine if the program should be terminated. The Division also recommends the Company provide quarterly update reports indicating overall program participation levels and associated costs for the first full four quarters of the pilot's implementation. In addition, the Division recommends, on an annual basis, the Company provide a report estimating the program's cost-benefit results.

The Division also agrees the pilot program's cost over the three-year implementation period should be capped at \$2.8 million and recovering program costs through the existing tariff rider mechanism, as proposed by the Company. If an adjustment to the existing tariff rider is warranted, the Division recommends the Company make a separate filing with recommendations reflective of the most current forecasts for the overall DSM account balances.

While the Office supports the concept of developing a three-year pilot project, it recommends the Commission order the Company to work with the DSM Advisory Group to determine report features and participation levels prior to filing the program for approval. The Office argues the Company's Report summary, as presented to the DSM Advisory Group in its February meeting does not constitute the level of review contemplated by the Commission. The Office also contends addressing the issues raised by parties through written comments submitted to the Commission is likewise insufficient. According to the Office, the complexity of measuring and reporting home energy outcomes requires additional direct discussion among the experts on the DSM Advisory Group. The Office argues a more thorough review is needed of specific program designs, associated costs, potential participation levels, and other related details prior to making a final determination.

The Office contends the Company's filing does not provide or discuss any information from other utilities' experience (positive or negative) with home comparison reports. The Office acknowledges while some of this information may be confidential or may not yet be

available, to the extent possible, other utilities' experiences should be taken into consideration as inputs into the decision making process for the DSM Advisory Group.

According to the Office, issues such as privacy, participant reaction, uncertainty in program outcomes, data collection and integrity, and capital costs and obsolescence need to be addressed. While most of these issues could be addressed through a pilot program, the Office's primary concern with the program is privacy and personal information security. Since energy use comparisons will be made among customers within the reporting process, the Company needs to have adequate privacy protections in place prior to program implementation, irrespective of the degree of participation.

SWEEP/UCE is supportive of the Company's proposal for a home energy reporting program and argues such a program presents an important opportunity to better understand the potential for behavioral programs to improve energy literacy and foster more energy-conserving behaviors. SWEEP/UCE identifies a number of issues and elements to be included to help facilitate a potential home energy comparison program's success. These are summarized as follows:

- The Company needs to explain the elements of a proposed home energy reports program for the purpose of clearly communicating specific program deliverables and benefits;
- The Commission should recognize the intent of the pilot as broader than merely an assessment of its cost-effectiveness;
- The Company should identify strategies to better integrate and promote DSM offerings within a home energy comparison program;
- The Company should provide information about the data collection and analysis process and should show how participant electricity usage patterns are ultimately converted into energy savings recommendations;
- The Company should identify energy saving tips to help customers overcome informational, technical, and financial barriers to saving energy;

- The program plan should have sufficient flexibility to facilitate adjustments and performance improvements to ensure program cost effectiveness;
- The Company should develop a list of key features communicating the information, products, services, and customer recommendations provided through the program;
- In addition to targeting high energy use customers, the Company should provide all customers with an opportunity (perhaps on an opt-in basis) to participate in the program;
- The Company should develop a marketing plan designed to promote the program to all Utah customers along with a screening process to ensure customers are truly interested and committed to participating in the program;
- The Company and the DSM Advisory Group should review proposed program costs and should look for ways to reduce costs, particularly in the area of administration.

SWEEP/UCE recommends the DSM Advisory Group play a key role in the program's development. In its filing, SWEEP/UCE recommends the DSM Advisory Group convene to brainstorm and review program recommendations and evaluation criteria, review proposed program costs and look for ways to reduce costs, and to meet on a quarterly basis to review opportunities to facilitate the success of the proposed pilot program.

Park City Municipal Corporation supports development of a home energy report program as well as distribution of the information contained in the Smart Grid Information Standard to all Company customers. They argue provision of this information will improve public understanding of energy issues and spur efficiency and conservation activities among customers.

Enerlyte, while in agreement with the Report concept, argues the Company's current path to adopt "Home Energy Reports" does not include a true sample of the Company's customers. Enerlyte argues the Report's sample group slated to receive energy reports should reflect a true cross section and sample of customers. Enerlyte argues Report estimates are based on technology and methods of deployment that are more than two years old and claims



technology and behavior based demand-side management programs have evolved and progressed rapidly over that period of time.

Enerlyte argues it would be in the best interest of customers for the Company to issue a new request for proposal for this type of energy report program. Enerlyte claims this would allow the current best solution to be deployed, and not what appeared to be the best solution more than two years ago.

The Governor's Energy Advisor indicates the proposed Report provides an appropriate opportunity to encourage energy-saving behaviors among Utah's electricity customers. It also provides a better understanding of the potential impact of behavioral programs and increased knowledge to improve energy literacy. The Governor's Energy Advisor notes home energy reporting is being utilized with great success in many U.S. energy markets and is helping to spread the ethic of energy conservation.

The Governor's Energy Advisor contends the Company's proposal to offer a home energy reporting program on a three-year pilot basis is a good first effort. The Governor's Energy Advisor agrees with the Company recommendations limiting the size of the pilot project to 75,000 households and capping the program cost at \$2.8 million. The Governor's Energy Advisor notes it may make sense to evaluate the pilot project on an annual basis for all three years and recommends the Company should work with the DSM Advisory Group to identify a means to distribute program information to all customers in a cost-effective manner.

DISCUSSIONS FINDINGS AND CONCLUSIONS

The Commission supports the concept of a home energy reporting program. We note the Company and all parties submitting comments do not oppose such a program. We commend the Company for undertaking a review of similar programs and policies among other utilities. However, comments submitted by the Office raise several concerns. Specifically, the Office is concerned by unresolved issues regarding privacy, potential program participation rates, data collection, and program effectiveness. The number of recommendations and issues raised in SWEEP/UCE's comments tend to validate the need to further address issues and questions prior to formal program implementation.

While the Office supports the concept of a pilot program, it recommends the Commission first order the Company to work with the DSM Advisory Group to determine report features and participation levels prior to filing the program for Commission approval. We agree such an approach is reasonable at this time. We order the Company to convene a series of meetings with the DSM Advisory Group to provide an opportunity for parties to fully discuss remaining concerns. Upon completion of the DSM Advisory Group meetings the Company is directed to file a program for review and approval. In this filing, the Company will identify areas of agreement, or any remaining areas of disagreement, among DSM Advisory Group members regarding program composition. Following our evaluation of this filing, we will issue a final order on this matter.

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DATED at Salt Lake City, Utah, this 6<sup>th</sup> day of June, 2011.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary  
GH73121  
DW#207125