



4/15/2024

ROCKY MOUNTAIN POWER PLANNING PROCESS

PLANNING PROCESS

Integrated Resource Plan

The Company develops a biennial integrated resource plan (“IRP”) as a means of balancing cost, risk, uncertainty, supply reliability/deliverability and long-run public policy goals.¹ The plan presents a framework of future actions to ensure the company continues to provide reliable, reasonably priced service to customers. Energy efficiency and peak management opportunities are incorporated into the IRP based on their availability, characteristics, and costs.

PacifiCorp divides energy efficiency and peak management resources into four general classes:

- **Demand Response—Resources from fully dispatchable or scheduled firm capacity product offerings/programs**—Demand response programs are those for which capacity savings occur because of active company control or advanced scheduling. Once customers agree to participate in a demand response program, the timing and persistence of the load reduction is involuntary on their part within the agreed upon limits and parameters of the program. Program examples include residential and small commercial central air conditioner load control programs that are dispatchable, and irrigation load management and interruptible or curtailment programs (which may be dispatchable or scheduled firm, depending on the program design or event noticing requirements).
- **Energy Efficiency—Resources from non-dispatchable, firm energy and capacity product offerings/programs**—Energy efficiency programs are those for which sustainable energy and related capacity savings are achieved through facilitation of technological advancements in equipment, appliances, lighting and structures, or repeatable and predictable voluntary actions on a customer’s part to manage the energy use at their

¹ Information on the company’s integrated resource planning process can be found at the following web address:
<https://www.pacificorp.com/energy/integrated-resource-plan.html>

facility or home. Energy efficiency programs generally provide financial or service incentives to customers to improve the efficiency of existing or new customer-owned facilities through: (1) the installation of more efficient equipment, such as lighting, motors, air conditioners, or appliances; (2) upgrading building efficiency through improved insulation levels, windows, etc.; or (3) behavioral modifications, such as energy management efforts at business facilities and home energy reports for residential customers. The savings endure (are considered firm) over the life of the improvement or customer action. Program examples include comprehensive commercial and industrial new and retrofit energy efficiency programs, comprehensive home improvement retrofit programs, energy management and home energy reports.

- **Demand Side Rates—Resources from price responsive energy and capacity product offerings/programs**—Demand side rate programs seek to achieve short-duration (hour by hour) energy and capacity savings from actions taken by customers voluntarily, based on a financial incentive or pricing signal. As a result of their voluntary nature, participation tends to be low and savings are less predictable, making demand side rate resources less suitable to incorporate into resource planning, at least until their size and customer behavior profile provide sufficient information for a reliable diversity result (predictable impact) for modeling and planning purposes. Savings typically only endure for the duration of the incentive offering and, in many cases, loads tend to be shifted rather than being avoided. The impacts of demand side rates may not be explicitly considered in the resource planning process; however, they are captured naturally in long-term load growth patterns and forecasts. Program examples include time-of-use pricing plans, critical peak pricing plans, and inverted block tariff designs.
- **Behavioral programs— Non-incented behavioral-based savings achieved through broad energy education and communication efforts**—Behavioral DSM programs promote reductions in energy or capacity usage through broad-based energy education and communication efforts. The program objectives are to help customers better understand how to manage their energy usage through no-cost actions such as conservative thermostat settings and turning off appliances, equipment, and lights when not in use. The programs are also used to increase customer awareness of additional actions they might take to save energy and the service and financial tools available to assist them. Behavioral programs help foster an understanding and appreciation of why utilities seek customer participation in other DSM programs. Like demand side rates, the impacts of behavioral programs may not be explicitly considered in the resource planning process; however, they are captured naturally in long-term load growth patterns and forecasts. Program examples include company brochures with energy savings tips, customer newsletters focusing on energy efficiency, case studies of customer energy efficiency projects, and public education and awareness programs.

Demand response and energy efficiency resources are included as resource options in the resource planning process. Demand side rates and non-incentivized behavioral actions are not considered explicitly in the resource planning process; however, the impacts are captured naturally in long-term load growth patterns and forecasts.

To represent the demand response and energy efficiency resource opportunities in the IRP, the company engages a third-party consultant to conduct a DSM Potential Assessment. This study primarily seeks to develop reliable estimates of the magnitude, timing and cost of DSM resources likely to be available to PacifiCorp over the 20-year planning horizon of the IRP. The focus of the Potential Assessment is on resources with sufficient reliability characteristics that are anticipated to be technically feasible and considered achievable during the IRP's 20-year planning horizon. The estimated achievable technical potential is the energy efficiency and demand response potential that may be achievable to acquire during the 20-year planning horizon prior to cost-effectiveness screening.

Demand-side resources vary in their reliability, load reduction and persistence over time. Based on the significant number of measures and resource options reviewed and evaluated in the Potential Assessment, it is impractical to incorporate each as a stand-alone resource in the IRP. To address this issue, energy efficiency measures and demand response programs are bundled by cost for modeling against competing supply-side resource options reducing the number of discrete resource options the IRP must consider to a more manageable number.

Cost Effectiveness

The company evaluates program implementation cost effectiveness (both prospectively and retrospectively) under a variety of tests to identify the relative impact and/or value (e.g., near-term rate impact, program value to participants, etc.) to customers and the company. Cost-effectiveness screening is conducted at the program, portfolio, and, if applicable, the measure category level. The Company uses traditional cost-effectiveness tests prescribed in the National Standard Practice Manual² to inform impacts. Program cost effectiveness is performed using a company-specific modeling tool, created by a third-party consultant.

² For more information visit <https://www.nationalenergyscreeningproject.org/national-standard-practice-manual/>