



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA DOCKET NUMBER 13-14  
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GPA Demand Side Management ) **ORDER**  
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I. INTRODUCTION

This matter originated from the concerns of the Guam Public Utilities Commission ("GPUC" or "Commission") Chairman and the Commission Staff that in Guam Power Authority's ("GPA") environment of high fuel costs, the GPA has virtually no programs in place to provide incentives to its ratepayers to conserve energy. Other Atlantic and Pacific island utilities as well as vertically-integrated utilities on the U.S. mainland, both public power and investor-owned, have ongoing Demand Side Management ("DSM") programs in place. The Commission's desire is to have GPA take a more proactive role in creating and implementing effective DSM programs as part of GPA's integrated resource portfolio.

II. BACKGROUND

GPA filed its 2013 Integrated Resource Plan ("IRP") with the GPUC on February 22, 2013. Lummus Consultants was asked by the GPUC to review the IRP. After engaging in discovery and collaborative discussions with GPA, Lummus Consultants issued its Letter Report and Appendix thereto on July 23, 2013, which included, specifically, observations relative to DSM. Subsequently, the GPUC requested that Lummus Consultants prepare a follow-up report that provided further information relative to DSM offerings in place in other jurisdictions, appropriateness and use of various cost-effectiveness tests, and a discussion and high-level screening of potentially viable DSM programs that could be implemented by the GPA. Lummus filed its report with the GPUC on July 2, 2014.

The GPUC issued an order on July 31, 2014 that included ordering provisions authorizing the Administrative Law Judge ("ALJ") to conduct further proceedings in this docket, with the goal of developing a DSM and EE program. Through these ordering provisions, the GPA was directed to:

1. Participate in a series of collaborative conferences between the GPA and Lummus Consultants, with the participation of the ALJ - these collaborative conferences would cover the topics of: first, DSM and EE objectives, direction, procedure, costs, timing, and other pertinent considerations; second, potential DSM and EE programs; and, third, specific proposals for screening and implementation.
2. Following these conference, by 120 days from the July 31, 2014 order, the GPA was to submit a DSM and EE Implementation Plan (Initial Implementation Plan) - this Initial Implementation Plan would establish (1) steps, a timeline, and milestones required for DSM and EE screening and implementation, and (2) an implementation plan for an initial set of measures to begin no later than one year from the July 31, 2014 GPUC order.

GPA contracted with Leidos to assist in the development of this Initial Implementation Plan. GPA and Lummus Consultants together held several collaborative conference calls between August 21, 2014 and October 9, 2014. Subsequent to these meetings, GPA, Leidos, and Lummus Consultants held several more collaborative



conferences between October 31, 2014 and December 19, 2014 to develop the Initial Implementation Plan. The Parties requested, and were granted, a three-week extension on the filing deadline for the Initial Implementation Plan. GPA filed the Initial Implementation Plan on December 19, 2014.

The Initial Implementation Plan filing consisted of an 89-page final report, in addition to eight pages of appendices. The final report was structured as follows.

1. ***Introduction and Background*** - this initial section provided introductory language to explain the motivation for the development of the document (the GPUC July 31, 2014 order); this section then went on to chronicle the evolution of GPA's past DSM efforts, including a DSM implementation plan in 1994, GPA's 2008 and 2013 IRP planning process, and a 2012 analysis of residential DSM potential. Finally, this section makes reference to GPA's "Current DSM Activities", namely its participation in this DSM Docket 13-14, which was created as a result of Commission interest in efficiency and Lummus Consultants' review of GPA's 2013 IRP.
2. ***DSM Options to be Considered*** - this second section of the filing discussed, at a high level, thirteen different program types, including descriptions of what each program is, how each can be structured, how each can be delivered, and identifying those benefits that each have historically provided in other jurisdictions. The list of programs described in this section was primarily developed through discussion between GPA and Lummus Consultants in August and September 2014.
3. ***Goals and Anticipated Savings*** - this section provided a discussion of the overarching goals of a successfully deployed DSM program, followed by a discussion of potential peak demand and energy savings that included a description of technical, economic, and market potential within GPA's customer base. This section closed with a summary of DSM implementation by other utilities in island environments.
4. ***Four Initial Options Analysis*** - this section teed up several program options that the collaboration agreed could be implemented more quickly to provide immediate savings and interest. These potential programs addressed air conditioning, refrigeration, clothes washers, and clothes dryers. Each program was evaluated for cost effectiveness and Leidos-suggested investment levels were relied upon to develop the analysis. The collaboration spent time discussing appropriate approaches to establish avoided costs for this report, agreeing to use a blended approach that was intended to fairly value DSM initiatives while accommodating the schedule for report completion and the limitations and intricacies of the production cost model runs available. Although this blended approach should meet the goal of fairly evaluating the four program options being looked at as part of this initial analysis, it was agreed among the collaboration that this approach should not necessarily set a precedent for how future analyses would be conducted, but that refinements and improvements should be addressed early in the process to move forward with the broader DSM Program Plan recommended by this report<sup>1</sup>. This section of the report also discussed the multiple benefit/cost ratios calculated as well as the modeling required to achieve the evaluation of program cost-effectiveness. The refrigerator program was deemed unsuccessful at this stage while the air conditioner programs show strong benefits; the washer is a strong contender due in part to the inclusion of water savings - and from a program marketing perspective pairing efficient washers and dryers would likely produce better consumer response.

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<sup>1</sup> The GPUC Order dated July 31, 2014, refers to this same next filing document as the DSM & EE Report".



5. ***Plan for Implementation*** – this section outlined a traditional approach to program development and implementation that is likely to be used to develop the next program filing document. This addressed analysis, matching of corporate goals with program selection, completing final cost-effectiveness testing, addressing any uncertainties, working with appropriate stakeholders, and finalizing the longer term approach to program implementation.
6. ***Detailed Implementation for Four Options*** – this section outlined the remaining steps that should be investigated prior to field implementation of the four options for early adoption, such as staffing, logistics, vendor training and contribution to field approaches, marketing and communication plans, tracking requirements, and measurement and verification of savings.
7. ***Budgeting and Cost Recovery*** – Leidos and GPA put together information about current cost recovery approaches in a number of jurisdictions with the intent of developing a collaborative recommendation. However, the parties were unable to complete this part of the effort in the time remaining and we agreed to address appropriate cost recovery as the first step in the next phase of this process, with the ALJ involved in those discussions.
8. ***Appendices:***
  - a. *Appendix A, Cost-Benefit Model Pro Forma Output* – this section provided details of Leidos' benefit/cost model utilized during this process.
  - b. *Appendix B, Project Implementation Schedule* – this section proposed a schedule for the early implementation of the four programs recommended.

Lummus Consultants filed an independent report with the GPUC on February 13, 2015 that described the activities that had transpired following the GPUC's July 31, 2014 order, including the collaborative process, results, and Lummus Consultants' independent findings.

### III. DETERMINATIONS

In accordance with the findings of Lummus Consultants' February 13, 2015 report, the GPUC makes the following determinations:

1. Ordering Provision 2 of GPUC order dated July 31, 2014, relative to the series of conferences to be held between GPA and Lummus Consultants, with participation of the ALJ, has been met.

The GPUC also determines that:

2. The following issues, likely due to their magnitude and complexity, which were partially addressed in the Initial Implementation Plan filing should be more fully addressed as part of the DSM & EE Report filing - (1) cost recovery, (2) avoided cost basis, and (3) how programs are to be implemented and managed (GPA or outsource, for example).
  - a. GPUC indicates that GPA may be able to fund continued Leidos efforts in the GPA's current budget, but supports recovery of reasonable costs to complete the plan.
  - b. Longer term cost recovery issues, such as for example incentives, programs costs, penalties, lost revenues, should be addressed early in the ongoing collaboration between GPA and Lummus Consultants with the participation of the ALJ.

#### IV. ORDERING PROVISIONS

After careful review and consideration of the GPA Initial Implementation plan, consideration of the independent report of Lummus Consultants, and consideration of the above determinations, the Guam Public Utilities Commission HEREBY ORDERS that:

1. The ALJ is hereby authorized to continue to conduct further proceedings in this Docket. In such proceedings, the ALJ shall work collaboratively with GPA and Lummus Consultants to develop a long term DSM and EE program. The ALJ shall take such steps and measures as are necessary to determine the elements of such program and to implement the program. The final long term DSM and EE program shall be reviewed and approved by the PUC prior to implementation.
2. The following issues should be addressed expeditiously relative to their impact on the Initial DSM and EE Programs and shall be resolved via a recommendation to the GPUC as part of the DSM & EE Report filing - these issues include (1) cost recovery, (2) avoided cost basis, and (3) how programs are to be implemented and managed (GPA or outsource).
3. GPA is approved to move forward with implementing the four DSM and EE programs (Central AC, Ductless AC, Washer, and Dryer) that were analyzed and found to be cost-effective in the Initial Implementation Plan (Initial DSM and EE Programs). GPA shall move forward expeditiously, particularly with regard to introducing programs to market not later than and preferably sooner than one year from the GPUC order on July 31, 2014.
  - a. The GPA shall provide monthly reports to the GPUC, to the ALJ, and to Lummus Consultants on the progress to date relative to implementing and then managing these four Initial DSM and EE Programs.
  - b. The GPA reporting shall allow for the GPUC to stay apprised of what is happening with the implementation and management of the programs, including specifically successes to date, issues to be addressed and associated resolution strategies, and program impacts metrics, including by program and technology implemented the monthly and cumulative: (1) number of participants, (2) energy saved, (3) demand savings, (4) program costs, (5) participant costs, and (6) program benefits.
4. As previously ordered on July 31, 2014, not later than 180 days after the date of this order, GPA shall submit a detailed longer term DSM & EE Plan and Report to the PUC that includes:
  - a. DSM and EE measures considered and evaluated, transparency of details in the screening process, including but not limited to assumptions related to avoided costs, program costs, physical and operational characteristics of each screened program measure in Guam's environment and societal costs and benefits, as such data is available;
  - b. Adjusted steps and timeline and milestones required for the implementation of each DSM or EE program measure;
  - c. Proposed sources of funding;
  - d. A monitoring and verification plan;



e. Other pertinent information.

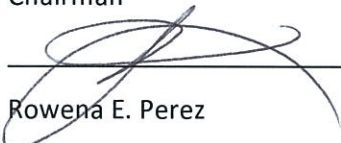
5. The DSM & EE Report, as filed, should include sufficient information such that, upon GPUC approval, DSM and EE programs recommended within it can immediately move forward to implementation per the implementation recommendations defined in the DSM & EE Report.
6. The implementation development of the DSM & EE Report and efforts through actual implementation shall be an ongoing collaborative effort between GPA, the ALJ, and Lummus Consultants regarding suggestions, recommendations and exchange of ideas. GPA and Lummus, pursuant to the review and direction of the ALJ, shall continue to develop a method for recovery of reasonable costs by GPA for the development of the Plan.
7. GPA will report annually to the GPUC on the activities related to the DSM and EE implementation detailing by program and technology implemented the number of participants, the annual and cumulative energy saved, demand savings, program costs, participant costs, and program benefits.
8. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 26<sup>th</sup> day of February, 2015.



Jeffrey C. Johnson

Chairman



Rowena E. Perez

Commissioner



Michael A. Pangelinan

Commissioner



Filomena M. Cantoria

Commissioner



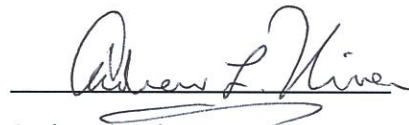
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