

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 13, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 31, 2015

DATE: January 5, 2015

TO: Public Utility Commission

FROM: Michael Breish *MB*

THROUGH: Jason Eisdorfer and Aster Adams *J E* *AA*

SUBJECT: IDAHO POWER COMPANY: (Advice No. 14-12) Requests modifications to Schedule 77 – ENERGY STAR® Homes Northwest.

STAFF RECOMMENDATION:

Staff recommends the Commission allow Idaho Power Company's (Company or Idaho Power) Advice No. 14-12 to go into effect January 31, 2015.

DISCUSSION:

On November 25, 2014, Idaho Power filed tariff revisions in Advice No. 14-12. The filing proposes to modify the Company's Schedule 77, ENERGY STAR® Homes Northwest (ENERGY STAR®), by increasing the financial incentive from \$750 to \$1000, but limiting the incentive to electrically heated homes. The filing is proposed to go into effect January 31, 2015.

The ENERGY STAR® program is a coordinated effort between Idaho Power and the Northwest Energy Efficiency Alliance that supports construction of energy-efficient homes according to guidelines established by the US Environmental Protection Agency. An ENERGY STAR® certified home is a home that has been inspected and tested by an independent, third-party ENERGY STAR® Specialist/Rater to meet the ENERGY STAR® requirements. Builders of homes that are successfully certified ENERGY STAR® receive the incentive payment. The Company has offered the ENERGY STAR® program in Oregon since 2011.

Included in the guidelines of the ENERGY STAR® program is a cost-effective builder option package (BOP) for both gas and electric heated homes. The Regional Technical Forum (RTF) revised the energy efficiency standards for ENERGY STAR® homes in

2014. Because of these updated calculations, gas heated ENERGY STAR® homes are no longer cost-effective. Idaho Power uses the RTF energy efficiency savings estimates with their demand-side management alternate costs from the Company's 2013 integrated resource plan to monetize the benefits of the annual energy savings.

According to the Company, "[o]f the 18 possible combinations of ENERGY STAR® home gas measures in Idaho Power's Oregon service area, 15 combinations do not pass the Utility Cost Test and 17 do not pass the Total Resource Cost test." Because of the cost-ineffectiveness, "the limited availability of natural gas in the Company's Oregon service area," and to maintain consistency in the program across both Oregon and Idaho, the Company requests the program be limited to electric-heated ENERGY STAR® homes.

Because electric-heated ENERGY STAR® homes have far higher energy savings per year than gas-heated homes (1,294 to 3,664 kilowatt-hours/year versus 278 to 703 kilowatt-hours/year), Idaho Power is requesting the financial incentive increase from \$750 to \$1,000.

Staff believes the proposed modifications to the program and tariff are reasonable and recommends the Commission approve the Company's proposed changes.

PROPOSED COMMISSION MOTION:

Idaho Power's Advice No. 14-12 be allowed to go into effect January 31, 2015.