

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 19, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE June 20, 2018

DATE: June 11, 2018

TO: Public Utility Commission

FROM: Paul Rossow ^{PR}

THROUGH: Jason Eisdorfer ^{JE} and JP Batmale ^{JE JP}

SUBJECT: IDAHO POWER COMPANY: (Docket No. ADV 753/Advice No. 18-04)
Request to discontinue Schedule 77, ENERGY STAR® Homes Northwest Program.

STAFF RECOMMENDATION:

Staff recommends the Commission allow Idaho Power Company's (Idaho Power or Company) Advice No. 18-04 to go into effect June 20, 2018.

DISCUSSION:

Issue

Whether the Commission should allow Idaho Power to discontinue its Schedule 77, ENERGY STAR® Homes Northwest Program (Program) because it is not cost-effective and because it appears a replacement pilot program would not be cost-effective.

Applicable Rule or Law

Generally, energy efficiency programs offered by a utility must be cost-effective or meet the criteria for a cost-effectiveness exception set out in the Commission's guidelines for calculation and use of conservation cost-effectiveness limits in Order No. 94-590.

"Cost-effective," as defined in ORS 469.631(4), relates to an energy conservation measure's cost, life cycle, and the cost of alternative energy facilities. An energy utility's cost-effectiveness calculations should be consistent with the utility's most recently acknowledged least-cost plan pursuant to Order No. 89-507.

469.635(4) Alternative program of investor-owned utilities. In addition to the residential energy conservation program required in ORS 469.633, an investor-owned utility may offer other energy conservation programs if the Commission determines the programs will promote cost-effective energy conservation.

Analysis

On April 9, 2018, Idaho Power filed Advice No. 18-04 requesting authorization to discontinue its Schedule 77, ENERGY STAR® Homes Northwest Program ("Program"). On April 23, 2018, at Staff's request, the Company submitted a supplemental filing with a revised effective date of June 20, 2018, for the discontinuance of Schedule 77.

The Company wants to discontinue Schedule 77 because the Northwest Energy Efficiency Alliance's ("NEEA") Northwest ENERGY STAR® Homes program was discontinued and a replacement pilot program would not be cost-effective.

The ENERGY STAR® Northwest Homes Program was initiated by Idaho Power in 2003 with NEEA's collaboration. The Program promoted new site-built construction of single-family and multi-family homes that used electric heat pump technology and were at least 15 percent more energy efficient than those built to standard Oregon code. Since the Program's inception, Idaho Power has incentivized four Energy Star® Homes in its Oregon service area since 2003; one in 2009 and three in 2014. Idaho Power states that until January 1, 2016, the Program specifications for ENERGY STAR® Homes Northwest were verified by ENERGY STAR® raters and were certified by Northwest ENERGY STAR® providers. Northwest ENERGY STAR® providers also conducted program quality assurance. NEEA ended its oversight on January 1, 2016, and homes throughout the northwest that were permitted on or after January 1, 2016, were required to meet the national Environmental Protection Agency's ENERGY STAR® program certification requirements.

With respect to the Program, Idaho Power worked with the Energy Efficiency Advisory Group to develop a replacement pilot consisting of four different prototype home designs that would satisfy Oregon's building requirements. However, analysis revealed that none of the four different prototype home designs would satisfy Oregon's total resource cost (TRC) test.¹ The primary difficulty for cost-effectiveness in Oregon is that Oregon's building codes are more stringent than Idaho's building codes and require more costly measures to reach the program's requirement of 20 percent more energy efficiency than existing building codes. The prototype home designs TRC ratio values ranged between 0.37 and 0.64. And, two of the four designs failed the utility cost test

¹ The TRC test must be used to determine if energy efficiency measures and programs are cost effective. See Order No. 94-590 (Docket No. UM 551).

(UCT), which measures the value of the energy efficiency to the utility. The UCT ratio values ranged between 0.69 and 1.53.²

The table below summarizes the costs and savings (kWh) for each of the four prototype homes.³

Home Design	Costs	Savings	TRC	UCT
Single-Family 2200 sq. ft. electric heat pump HiEff prototype version 1	\$5,476	3,554	0.64	1.53
Single-Family 2200 sq. ft. electric heat pump HiEff prototype version 2	\$6,210	3,717	0.54	1.48
Multi-Family attached 1064 sq. ft.	\$4,569	1,764	0.37	0.71
Multi-Family attached 974 sq. ft.	\$4,474	1,659	0.37	0.69

Staff conducted a review of the data submitted by Idaho Power and issued information requests. Staff believes it is appropriate to terminate the Program for the reasons stated in the Advice filing. The combination of the lack of participation and the four prototype home designs not passing the cost-effectiveness tests means the Program is not cost effective. Additionally, Idaho Power will continue to monitor building standards to evaluate if a pilot can be extended in the future to the Oregon jurisdiction cost-effectively.

Conclusion

Staff concludes that Idaho Power should be allowed to end its Schedule 77, ENERGY STAR® Northwest Homes Program given the small rate of participation by the Company's Oregon customers, NEEA ending its oversight, and Idaho Power's difficulty in developing a cost effective replacement program.

PROPOSED COMMISSION MOTION:

Allow Idaho Power Company's Advice No. 18-04 to go into effect June 20, 2018.

IPC's Advice 18-04

² For reference purposes, programs should have TRC and UCT ratios of 1 or higher.

³ TRC accounts for a \$666 non-energy benefit for the 2,220 sq. ft. prototype and \$333 for the multi-family homes. Utility cost includes \$1,500 incentive and \$167 administrative cost.