

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** July 1, 2023

DATE: June 20, 2023

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: Idaho Power Company:
(Advice No. 1506/Advice No. 23-03)
Modifies Schedule 71 to remove Commercial Energy Saving Kits

STAFF RECOMMENDATION:

Approve Idaho Power's Advice No. 23-03, modifying Schedule 71 to remove Commercial Energy Saving Kits.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's advice filing requesting to modify Schedule 71 to remove Commercial Energy Efficiency Kits.

Applicable Rule or Law

Under ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025.

According to ORS 757.220 and OAR 860-022-0015, filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change.

OAR 860-027-0310 encourages energy utilities to acquire cost-effective conservation resources. Energy utilities may apply for Commission approval of programs designed to promote the acquisition of cost-effective conservation resources.

Under OAR 860-027-0310(2), the Commission reviews proposed programs and modifications to programs to consider whether the program (1) includes cost-effective measures, incents cost minimization, and is not easily manipulated by the utility; (2) is predictable; (3) is simple; and (4) fairly allocates risks and rewards between shareholders and ratepayers, minimizes cross-subsidization by non-participants, and does not impose rate pressure. In developing cost-effective conservation programs, energy utilities may balance the emphasis given to each policy listed above. Greater focus on one policy may come at the expense of another policy if the whole proposal is reasonable.

Analysis

Background

This filing proposes modifications to Schedule 71 to remove Commercial Energy Efficiency Kits (Commercial Kits) as a result of new lighting standards of the Energy Independence and Security Act (EISA). In this memo Staff provides background to the Company's proposed removal of Commercial Kits, discusses the rationale for Staff's recommendation, and notes impacts to other programs and stakeholder feedback.

Schedule 71 includes educational offerings that are low- and no-cost, delivered directly to customers, and intended to increase awareness and demand for energy efficiency programs. Commercial Kits are one of multiple offerings within Schedule 71 that focus on energy efficiency education.

In February 2016, Idaho Power filed Advice No. 16-03, requesting to implement Schedule 71 to provide direct energy savings and promote energy efficiency education. The Commission approved the implementation of Schedule 71 on March 9, 2016.

In November 2017, Idaho Power filed Advice No. 17-11 to expand Schedule 71 offerings and the addition of Commercial Kits. Commercial Kits are a no-cost offering for small and medium sized commercial customers. The kits come with energy saving devices, installation instructions, and accompanying educational material. Idaho Power offers industry-specific Commercial Kits for restaurants, retailers, and offices. The Company conducted its own marketing and outreach and hired a third-party vendor to assemble and mail the kits.

In 2021, the Regional Technical Forum (RTF) deactivated measures for pre-rinse spray valves and advanced power strips, technologies included in some Commercial Kits. After consultation with the utility's Energy Efficiency Advisory Group (EEAG), Idaho Power streamlined Commercial Kits, no longer offering industry-specific variations. The streamlined kit contained four Light-Emitting Diode (LED) bulbs, a bathroom aerator, an exit sign retrofit kit, and a kitchen aerator.

In April 2022, the Department of Energy (DOE) issued a Final Rule pursuant to requirements of EISA that requires a 45 lumen-per-watt backstop for light bulbs. In practice, the standard raises the baseline efficiency of light bulbs to that of an LED bulb. The new standard is currently effective, and DOE will begin full enforcement and penalties on July 1, 2023.

Summary of Proposed Changes

Idaho Power proposes removal of Commercial Kits by modifying Schedule 71. The Company cites the impact of measure changes at the RTF and the U.S. DOE's EISA lighting standard as two drivers for this proposal. As noted, the 2021 measure changes reduced the number of products in the Commercial Kits and eliminated the differentiation of kits for industry-specific commercial customers. The EISA lighting standard raises the baseline for light bulbs to LED, which means there are no additional savings by including light bulbs.

Idaho Power cites low installation rates of the remaining items as rationale for removing the Commercial Kits altogether. A 2022 evaluation recommended the Company consider removing the exit sign retrofit kits and aerators due to low overall installation rates, which have negative impacts on expected savings for each kit. The Company concludes that revisions to installation rate assumptions mean that Commercial Kits will not be cost-effective going forward.

Staff supports the removal of Commercial Kits from Schedule 71. Given the RTF decision, the EISA standard and independent evaluation, the Company provides sufficient rationale to discontinue Commercial Kits. During the May 2023 EEAG meeting, Idaho Power reported a spend of \$7,539 on Commercial Kits and acquisition of 64 MWh year to date. This represents less than 0.2 percent of total energy efficiency expenses and less than 0.4 percent of total energy efficiency savings.

Staff highlights that the EISA efficiency standards, which lead to the elimination of LED bulbs in the Commercial Kits, will not result in reduced savings for the Company. Overall, Idaho Power should expect the EISA standard to generate more savings by the retirement of less efficient lighting products upon burnout. Staff instead highlights the more important change in this decision—the potential reduction in educational outreach

to small and medium commercial customers. The educational opportunities presented by Commercial Kits may have induced demand for other commercial measures. Idaho Power identified 515 customers between 2018 and 2022 that received Commercial Kits and participated in another Idaho Power program. The Company states that Commercial Kits are one of many outreach activities the Company uses to engage commercial customers and intends to continue conducting marketing and outreach activities to reach commercial customers.

Stakeholder Engagement and Feedback

Idaho Power has consistently engaged the EEAG in consideration of the Commercial Kit offering. The Company discussed the intent to discontinue Commercial Kits during the November 2022 and February 2023 EEAG meetings. Staff is not aware of stakeholder opposition to the proposal.

Conclusion

Staff supports Idaho Power's proposal to remove Commercial Kits from Schedule 71, as the combined impacts of markets, efficiency standards, and program evaluations reduced savings and decreased cost-effectiveness. In consideration of the educational and awareness benefits of Commercial Kits, Staff encourages the Company to consider and discuss with the EEAG additional ways to engage and deliver efficiency benefits to small and medium commercial customers.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Advice No. 23-03, modifying Schedule 71 to remove Commercial Energy Saving Kits.