

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

Docket No. UM 1710

In the Matter of

IDAHO POWER COMPANY,

Request for Cost-Effective Exceptions for
Specific Demand-Side Management
Electric Measures and Programs.

Staff's Comments

Below are Staff's comments in response to Idaho Power Company's ("Idaho Power" or "Company") request for cost-effectiveness exceptions for four demand-side management ("DSM") measures and one program. The measures are available to commercial customers, while the residential program provides incentives for the purchase and proper installation of qualified heating and cooling equipment and services.

Order No. 94-590 Criteria for Exceptions

Idaho Power is requesting exceptions that were established by the Commission in Order No. 94-590 issued in Docket No. UM 551. For reference purposes, the available conditions to qualify for an exception are:¹

- A. The measure produces significant non-quantifiable non-energy benefits. In this case, the incentive payment should be set no greater than the cost-effectiveness limit less the perceived value of bill savings, e.g., two years of bill savings;
- B. Inclusion of the measure will increase market acceptance and is expected to lead to reduced cost of the measure;
- C. The measure is included for consistency with other DSM programs in the region;
- D. Inclusion of the measure helps to increase participation in a cost-effective program;
- E. The package of measures cannot be changed frequently, and the measure will be cost-effective during the period the program is offered;
- F. The measure or package of measures is included in a pilot or research project intended to be offered to a limited number of customers;

¹ For the remainder of these comments reference to a specific condition from Order No. 94-590 will be cited by its letter, for example, "Condition A." The conditions are set forth in full in Order No. 94-590 at page 18.

G. The measure is required by law or is consistent with Commission policy and/or direction.

Discussion

Staff appreciates Idaho Power's cooperation in regard to consolidating cost-effective exception requests into a single filing and the Company's explanation of how each measure qualifies for an exception under Order No. 94-590. Additionally, Staff appreciates the Company's efforts to maintain its DSM programs.

For Commercial and Industrial programs, the Company uses a technical reference manual (TRM) developed by ADM Associates, Inc. as the primary source of savings and cost assumptions. For residential programs, the Company relies on the Regional Technical Forum (RTF) as the primary resource of savings and cost assumptions for each measure. The TRM and RTF periodically updates its savings and cost assumptions for DSM measures and programs, including those offered by Idaho Power. Because of revised values, the measures and program at issue become non cost-effective.

The four measures for which Idaho Power requests exceptions to the cost-effectiveness rule are all included in the Commercial & Industrial Energy Efficiency Program, which is cost-effective. Idaho Power seeks to continue to offer the four measures in Oregon in order to maintain consistent programs in Oregon and Idaho, and also because the availability of these measures may lead to increased participation in the overall program. Idaho Power asserts that having consistent DSM Programs in Idaho and Oregon is important for several reasons. Idaho Power explains that "[t]rade allies ("contractors/suppliers") serve Idaho Power customers in both states. Idaho contractors and professionals cross over to Oregon and vice versa. Offering different program designs would create confusion in the marketplace, could inhibit participation, and would add to administration costs. In addition, program infrastructure is designed to implement consistent programs across the service areas."²

With respect to the residential program, the Heating and Cooling Program, Idaho Power notes that it intends to modify the program to address the cost-effectiveness. In the meantime, Idaho Power believes the program meets two of the exceptions to cost-effectiveness – consistency with other programs and non-quantifiable non-energy benefits.³

² UM 1710, Idaho Power Company's Request for Cost-Effective Exceptions for Specific Demand-Side Management Electric Measures and Programs at 2.

³ UM 1710, Idaho Power Company's Request for Cost-Effective Exceptions for Specific Demand-Side Management Electric Measures and Programs at 2.

Evaporative Pre-Coolers

Staff agrees with Idaho Power that the evaporative pre-coolers measure meets Conditions C (consistency) and D (increase participation). Though Idaho Power has not paid an incentive on evaporative pre-cooler projects in Oregon, Staff acknowledges the Company's intention to continue offering the program to those customers that reside in Oregon.

Wall Insulation – R2.5 to R19

Staff agrees with Idaho Power that the wall insulation from R2.9 to R19 included in the Commercial and Industrial Energy Efficiency Program meets Conditions A (non-quantifiable benefits), C (program consistency), and D (increase participation). Although Idaho Power has not yet incented wall insulation projects in Oregon, Staff appreciates the Company's intention to continue offering the measure to their Oregon customers.

Standby Generator Engine Block Heater < 3 kW

Staff agrees with Idaho Power that the standby generator engine block heater that generates less than 3kW's meets Conditions C (program consistency) and D (increase participation). Although the Company has not paid an incentive under this measure, Staff appreciates the Company's intention to continue offering the measure to their Oregon customers.

Floating Suction Pressure Controller

Staff agrees with Idaho Power that the floating suction pressure controller measure meets Conditions C (program consistency) and D (increase participation). Although the Company has not had any participants in Oregon, Staff appreciates the Company's intention to continue offering this measure to their Oregon customers.

Heating and Cooling Efficiency Program

Staff has reviewed Idaho Power's explanation in support of this requested exception and agrees with the Company that this measure meets Conditions A (non-quantifiable benefits) and C (program consistency). The ductless heat pumps are the main driver that is lowering the cost-effectiveness of this program. Idaho Power states that it has joined other utilities in the region to offer DHP pilots in partnership with the Northwest Energy Efficiency Alliance ("NEEA"). NEEA and the RTF have spent the past several years researching the electric savings and non-energy benefits of the DHPs installed in the region. NEEA and the region are working to bring down the cost of the DHPs that will improve the measure's cost effectiveness.⁴

⁴ UM 1710, Idaho Power Company's Request for Cost-Effective Exceptions for Specific Demand-Side Management Electric Measures and Programs at 5.

Staff is eager to learn more about the options that the Company is exploring to modify the program to increase its overall cost-effectiveness.

This concludes Staff's comments.

Dated at Salem, Oregon, this 4th day of January, 2017.

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