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ELECTRONICALLY FILED

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

Re: Docket No. UM 1710 - Idaho Power Company's 2022 Request for Cost-Effectiveness
Exceptions for Specific Demand-Side Management Electric Measures and Programs

Attention Filing Center:

Public Utility Commission of Oregon ("Commission") Order No. 94-590, issued in Docket No. UM 551, provides for the inclusion of non-cost-effective measures in utility Demand-Side Management ("DSM") programs if those measures meet specific conditions. In addition, Order No. 15-200, issued in Docket No. UM 1710, requires Idaho Power Company ("Idaho Power" or "Company") to request approval, on an annual basis, of exceptions articulated in Order No. 94-590 for these measures so they may continue to be offered to Oregon customers through the Company's DSM program portfolio.

As part of its annual review, Idaho Power has identified certain measures offered under the residential sector requiring new cost-effectiveness exceptions. In this filing, Idaho Power requests cost-effectiveness exceptions for the Energy House Calls Program offered under Schedule 87 (Manufactured Housing Energy Efficiency Programs), Schedule 68 (Multi-family Energy Savings Program), and an exception for the Welcome Kit measure offered as part of Give-Away Opportunities contained in Schedule 71 (Educational Distributions).

Request for New Cost-Effectiveness Exceptions

In Order No. 94-590, the Commission outlines specific cost-effectiveness guidelines for energy efficiency measures and programs managed by the program administrators. It is the expectation of the Commission that measures pass the Total Resource Cost ("TRC") test. Measures that do not pass the TRC test may be included in the programs if they meet one or more of the following additional conditions specified by Section 13 of Order No. 94-590:

- A. The measure produces significant non-quantifiable non-energy benefits. In this case, the incentive payment should be set at no greater than the cost-effective limit (defined as present value of avoided costs plus 10 percent) 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;
- G. The measure is required by law or is consistent with Commission policy and/or direction.

Residential Sector

Energy House Calls

The Energy House Calls Program improves the energy efficiency of electrically heated manufactured homes by providing free duct sealing. Additionally, depending upon the applicability of each house, program participants may also receive ENERGY STAR® light emitting diode (“LED”) bulbs, air filters, low-flow showerheads, faucet aerators, pipe wrap, and other educational materials.

In March 2020, Idaho Power temporarily suspended in-home work due to safety concerns related to the COVID-19 pandemic. During the temporary suspension, Idaho Power tracked the homes requesting to participate by creating a program waiting list. As of October 18, 2021, Idaho Power has resumed in-home work. At that time, the wait list had approximately 175 homes of which 8 homes were in Oregon.

In 2019, the program had a Utility Cost Test (“UCT”) of 0.96 and TRC of 1.30,¹ and Idaho Power had anticipated the program would remain cost-effective in 2020 before any impacts from COVID-19 were known. However, since that time, three key assumption updates will impact the program’s ongoing cost-effectiveness. First, in 2022 Idaho Power will begin using the DSM avoided costs from the Second Amended 2019 Integrated Resource Plan (“IRP”) acknowledged by the Commission in Order No. 21-184 on June 4, 2021. These avoided costs are 12 percent lower than what was previously used in the program’s last full year of operation in 2019. Secondly, the direct-install LED lightbulb savings assumptions from the Regional Technical Forum (“RTF”) have declined since 2019, and in 2022, Idaho Power will be using workbook version 9.4. The savings in this workbook for the bulbs in the program are nearly 60 percent lower than RTF workbook version 6.1 used in 2019. Finally, the RTF deactivated the workbooks for low-flow showerheads and faucet aerators.

Idaho Power discussed the future of the Energy House Calls Program with its Energy Efficiency Advisory Group (“EEAG”) on November 10, 2021. While the Company believes the program may not be cost-effective going forward, it plans to work through the current list of customers who have previously expressed interest in participating in the program.

In the meantime, Idaho Power will evaluate the measures being installed under the program, including the costs associated with the duct sealing work. The RTF updated the assumptions around the manufactured home duct sealing at its December 7, 2021 meeting, and Idaho Power plans to analyze these updates, evaluate potential changes to the program, and present the findings to EEAG in 2022 for further discussion. By fall of 2022, Idaho Power expects

¹ 2019 cost-effectiveness ratios include evaluation expenses. If evaluation expenses were removed from the program’s cost-effectiveness, the UCT and TRC would have been 1.11 and 1.49, respectively.

to either modify or terminate the program based on the Company's analysis and stakeholder feedback.

Idaho Power requests a temporary cost-effectiveness exception for the Energy House Calls Program through December 31, 2022. The exception will enable the Company to provide a consistent offering across its service area and with DSM programs in the region (ETO has a similar program). This is consistent with Order No. 94-590, condition C.

C. *The measure is included for consistency with other DSM programs in the region.*

Multi-Family Energy Savings Program

The Multi-Family Energy Savings Program provides for the direct installation of energy-savings products in multi-family dwellings with electrically heated water at no cost to the property owner, manager, or tenant. Program participants may also receive ENERGY STAR® LED bulbs, air filters, low-flow showerheads with a thermostatic shower valve ("TSV"), faucet aerators, pipe wrap, and other educational materials.

In March 2020, Idaho Power temporarily suspended in-home work due to safety concerns related to the COVID-19 pandemic. In-home work has resumed as of October 18, 2021. In 2019, the program had a UCT of 1.15 and TRC of 2.34, and Idaho Power had anticipated the program would remain cost-effective in 2020 before any impacts from COVID-19 were known.

Since that time, three key assumption updates have impacted the program's cost-effectiveness. First, in 2022 Idaho Power will begin using the DSM avoided costs from the Second Amended 2019 IRP acknowledged by the Commission in Order No. 21-184 on June 4, 2021. These avoided costs are 12 percent lower than what was previously used in the program's last full year of operation in 2019. Secondly, the program installs a variety of LED lightbulbs, and the associated savings assumptions have declined since 2019. Based on the number and type of LED bulbs installed in 2019, the direct-install lighting savings are nearly 65 percent lower than what was previously claimed when the savings assumptions from RTF workbook version 9.4 are applied. Finally, the RTF deactivated the workbook's faucet aerator and lowered the savings for the low-flow showerheads with TSVs to remove the savings associated with the showerhead. The savings are now based solely on the TSV, which are 80 percent lower than what was previously claimed.

Idaho Power held a preliminary discussion about the future of the Multi-Family Energy Savings Program with its EEAG on November 10, 2021 where the Company highlighted some immediate and long-term cost-effectiveness challenges that need to be addressed. Therefore, Idaho Power intends to convene a special subcommittee of interested EEAG members to discuss the program in detail and evaluate the program measures. The Company intends to gather the subcommittee feedback, evaluate potential changes to the program, and present the findings to EEAG in 2022 for further discussion. By fall of 2022, Idaho Power expects to either modify or terminate the program offering based on the Company's analysis and stakeholder feedback.

Idaho Power requests a temporary cost-effectiveness exception for the Multi-Family Energy Savings Program through December 31, 2022. The exception will enable the Company to provide a consistent offering across its service area. This is consistent with Order No. 94-590, condition C.

C. *The measure is included for consistency with other DSM programs in the region.*

Welcome Kits

Idaho Power uses a vendor to mail Welcome Kits to new residential customers between 35 and 45 days after electric service begins at their residence. Each kit contains four LED lightbulbs, a nightlight, a greeting card, and a small flipbook containing energy-saving tips and information about Idaho Power's energy efficiency programs. The Company considers the kits an opportunity to expose new customers to energy efficiency concepts and believes the kits provide a gateway to engaging residential customers in future energy efficiency activity.

Due to give-away/by-request LED lightbulb savings assumptions from the RTF declining by nearly 90 percent², the kits were no longer cost-effective from either the UCT or TRC test perspective. On October 30, 2020, the Company filed for a cost-effective exception for Welcome Kits in Docket No. UM 1710. The Commission approved the Company's filing at its public meeting on March 9, 2021, adopting Staff's recommendation to grant a temporary exception through March 31, 2022, to allow the Company time to finalize arrangements between marketing and program costs.

Over the course of 2021, the Company provided program evaluation updates, presented potential options, and solicited feedback on Welcome Kits at three of the four EEAG meetings. EEAG members did not object to continuing the program nor did any member recommend to sunset the program even though the kits are not expected to be cost-effective in the future. At the November 10, 2021 EEAG meeting, EEAG members generally supported a four-bulb kit configuration. Based on the feedback from EEAG, the Company settled on a new kit configuration of four 1100-lumen LED bulbs, two LED nightlights, and a greeting card. The new configuration has an expected TRC ratio of 0.94.

As with other energy efficiency educational activities pursued by Idaho Power, the Company believes there may be non-quantifiable energy savings and non-quantifiable non-energy benefits as a result of the educational material included in the kit. The Company also believes the kits not only raise awareness, serving in a marketing capacity, but also prompt action to participate in Idaho Power's other residential energy efficiency offerings. Idaho Power discussed with Commission Staff its intent to allocate a portion of the Welcome Kit costs to the residential sector's education and marketing overhead while keeping the cost-effective portion under the Give-Away Opportunities offering in Schedule 71, Educational Distributions. In 2021, the cost-effective benefit value of the Welcome Kits is estimated to be \$8.91 per kit and will remain under the overall Educational Distributions Program. The remaining costs associated with the kits

² In 2020, Idaho Power used RTF version 7.1 and in 2021, the Company used version 8.2. Regional Technical Forum, Residential Lighting Workbook version 7.1 & 8.2:
<https://nwcouncil.box.com/v/ResLighting-v7-1>
<https://nwcouncil.box.com/v/ResLighting-v8-2>

will be allocated to residential education and marketing. It will not impact the Educational Distributions Program's cost-effectiveness but will remain in the overall sector and portfolio cost-effectiveness. This cost-effective benefit value will vary annually based on the savings associated with the items contained in the kit and the DSM avoided costs.

Idaho Power requests a cost-effectiveness exception for the Welcome Kit measure offered through the Educational Distributions Program. The exception will enable the Company to encourage participation in other cost-effective programs as the kit provides initial exposure to energy efficiency offerings. This measure produces non-quantifiable non-energy benefits. This is consistent with Order No. 94-590, conditions A and D.

A: The measure produces significant non-quantifiable non-energy benefits.

D: Inclusion of the measure helps to increase participation in a cost-effective program.

Conclusion

Idaho Power requests three cost effectiveness exceptions as outlined below:

- A temporary cost-effectiveness exception for the Energy House Calls Program through December 31, 2022.
- A temporary cost-effectiveness exception for the Multi-Family Energy Savings Program through December 31, 2022.
- A cost-effectiveness exception without a time restriction for the Welcome Kit measure offered through the Educational Distributions Program.

The Company respectfully requests approval by March 31, 2022. If you have any questions regarding this filing, please contact Regulatory Analyst Zack Thompson at (208) 388-2892 or zthompson@idahopower.com.

Sincerely,



Connie Aschenbrenner

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