

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2020

DATE: December 3, 2019

TO: Public Utility Commission

FROM: Paul Rossow

THROUGH: Michael Dougherty and JP Batmale **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. Advice 1031/Advice No. 19-10)
Modifies Schedule 72 Heating and Cooling Efficiency Program and updates the location of general Program requirements.

STAFF RECOMMENDATION:

Staff recommends the Commission allow Idaho Power Company's (Idaho Power or Company) requested modifications to Schedule 72 Heating and Cooling Efficiency Program (Program) tariff and a housekeeping update described below, to go into effect January 1, 2020.

DISCUSSION:

Issue

Whether the Commission should grant Idaho Power's Advice No. 19-10, proposing to modify eligibility requirements applicable to the smart thermostat measure in Idaho Power's Heating and Cooling Efficiency Program and proposing a housekeeping change to where and how the Program requirements may be accessed by the public.

Applicable Rule or Law

Under ORS 757.205, every public utility must file tariffs for services provided for retail customers. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each

energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change, and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

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. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

Analysis

Background

Idaho Power's Heating and Cooling Efficiency Program in Schedule 72 is intended to acquire energy savings by offering incentives to residential customers in order to motivate them to purchase qualified forms of residential heating and cooling equipment and services that save energy. On October 30, 2019, the Company filed Advice No. 19-10 to be effective January 1, 2020. Smart Thermostats were added to the Program on March 1, 2016, and were eligible for incentives if the installations were for single-family site-built homes, with the installations completed by a licensed contractor, and listed on the Company's Qualified Products List (QPL).

With this filing, Idaho Power proposes modifications to the eligibility requirements for the smart thermostat measure in Schedule 72 to (1) expand the types of homes eligible for the measure to include manufactured, duplex, triplex, and fourplex homes; (2) allow for installation by the homeowner; and (3) replace the measure's QPL with a requirement that the qualifying device have internet connectivity.

When Idaho Power began its smart thermostat incentive in 2016, the Regional Technical Forum (RTF) had not yet developed savings estimates for this measure. Therefore, Idaho Power designed the program to allow the Company to perform a future billing analysis to determine energy savings. Specifically, the Company structured qualifications for the smart thermostat incentive to include assurances that the products had energy impacting features, were correctly installed, and installed in high energy use home types.

After the Company implemented its smart thermostat incentive, the RTF created a Planning Measure savings workbook that Idaho Power uses for measure savings. In order to broaden the Company's eligibility requirements, Idaho Power recently became

involved with the Northwest Energy Efficiency Alliance (NEEA) plan to perform a Smart Thermostat Research Study. Once NEEA has completed the Smart Thermostat Research Study, the RTF will analyze the data for measure savings and Idaho Power will reevaluate eligibility requirements and incentive design based on the study and RTF findings.

Proposed modifications

Idaho Power states that expansion of the measure to additional home types is in alignment with Idaho Power's other programs, which also includes manufactured, duplex, triplex, and fourplex homes.

With respect to its proposal to allow homeowners to install the devices, Idaho Power notes that manufacturers have greatly improved resources for self-installation in the form of online how-to videos, phone support, and enhanced user guides. Acknowledging that customers with heat pumps require additional help with self-installation, Idaho Power states that it will add installation guidance to the incentives website to inform homeowners that specific product defaults and set-up features should be followed for optimum performance.

Further, the Company states updating the eligibility requirements to remove the requirement for licensed contractor installation will allow a broader number of Oregon customers to qualify for the incentive. For example, during the period of January 1, 2018 through April 30, 2019, the Company incented 205 smart thermostats across its Idaho and Oregon service area. During the same period, 28 smart thermostat incentive applications for customers did not qualify due to being self-installed.

With respect to the third proposed modification, Idaho Power is seeking to replace the need for devices to be included on a QPL with a requirement for internet connectivity to ensure the continuance that the smart thermostat measure offers key energy impacting features while allowing the Company to incent new products that are rapidly coming to market before they can be added to the QPL.

It is the Company's belief that by replacing the QPL with an internet connectivity requirement instead of relying on a different agency's QPL allows customers with broader product options, including HVAC manufacturer brands. Currently, the Company's QPL includes 115 models of smart thermostats, while the Energy Star QPL only includes 14 devices and does not include some of the more popular models currently on Idaho Power's QPL.

Location of Program Requirements

The Company also requests a housekeeping update to Schedule 72 to replace the location of Program requirements. Formerly, the Company included all Program requirements for the ducted air source heat pump and open loop water source heat pump incentives in a hard copy Program Requirements Manual, which was only made available to the Contractors during the Program's required heat pump training sessions. With the expansion of measures, the Company has transitioned to listing all Program requirements on the Program website, which provides customers convenient access to the Program's requirements. The Company requests to reflect this Program requirements location change in Schedule 72.

Conclusion

Staff believes Idaho Power has provided a sufficient basis for the proposed modifications and supports them. Specifically, Staff supports the changes to:

- Expand smart thermostat eligibility to new housing types.
- Provide a smart thermostat self-install option.
- Expand the definition of qualified devices to internet connectivity rather than a pre-set list.
- Place program materials on the internet.

Based on the foregoing, Staff recommends that the Commission allow the advice filing to go into effect and support the proposed eligibility requirements, along with the housekeeping update to the location of general Program requirements to Schedule 72 Heating and Cooling Efficiency Program.

PROPOSED COMMISSION MOTION:

Allow Idaho Power's revised Schedule 72 Heating and Cooling Efficiency Program tariff and proposed modifications as described in Advice No. 19-10 to go into effect on January 1, 2020.