

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 13, 2022**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  February 15, 2023

**DATE:** December 5, 2022

**TO:** Public Utility Commission

**FROM:** Curtis Dlouhy

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** IDAHO POWER COMPANY:  
(Docket No. ADV 1430/Advice No. 22-05)  
Proposed modifications to add an Automatic Dispatch Option to the  
Company's Commercial & Industrial Demand Response Program

**STAFF RECOMMENDATION:**

Approve Idaho Power Company's (Idaho Power or Company) Advice No. 22-05, which adds an Automatic Dispatch Option to Schedule 76.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's advice filing requesting modifications to Schedule 76 to add an Automatic Dispatch Option to its Commercial and Industrial Demand Response Program.

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.

Order No. 94-590 in Docket No. UM 551 establishes guidelines for cost-effectiveness of energy efficiency measures.

### Analysis

This filing proposes modifications to Schedule 76, the Company's Commercial and Industrial Flex Peak Program. The filing proposes to be effective with service effective February 15, 2023.

### *Background*

The Company's Schedule 76, also called the Commercial and Industrial Flex Peak Program, allows commercial and industrial customers that can offer a load reduction of at least 20 kW to participate in a demand response (DR) program. When the Company calls a DR event, referred to as a Load Control Event in the proposed tariff, Schedule 76 participants are expected to manually reduce their nominated load. Participants are notified four hours before each event and are expected to adjust their nominated load for up to four hours during the DR event called by the Company, in return earning a financial incentive. A customer who fails to meet their nominated load reduction during a Load Control Event would be subject to a \$2 per kW charge each hour for falling short of the nominated load. As of this filing, the Company had called seven Flex Peak DR events in the 2022 DR season.

As previously stated, customers participating in the Flex Peak DR Program are currently expected to manually adjust their loads when the Company calls an event. A manual adjustment to load can take many forms, such as turning off lights, changing HVAC equipment settings, or adjusting energy management systems.

### *A Summary of Proposed Changes*

The Company proposes to add language to Schedule 76 that gives customers the option to incorporate an Automatic Dispatch Option to reduce their nominated load, in lieu of manual reduction. This is similar to the option available to residential and irrigation customers in the Company's two other DR programs, which are contained in Schedule 74 and Schedule 23. The Company notes that adding an Automatic Dispatch Option still allows Schedule 76 participants to manually adjust their power during a Flex Peak DR event, but also gives customers the option to add equipment that makes the adjustments automatically.

The Company notes that it did outreach with customers eligible for Schedule 76 and received feedback from some that they were more likely to participate in a program with an Automatic Dispatch Option. As a particular example, at least one customer noted that an Automatic Dispatch Option makes it easier to adjust load across multiple buildings.

While conducting outreach to other utilities, the Company's peer utilities noted that having an Automatic Dispatch Option appeared to result in higher load reductions, making the overall DR program more valuable. The Company's peers also cautioned that installation of each Load Control Device—the device that allows the customer to automatically adjust their load in response to a Load Control Event—comes with its own idiosyncrasies that could affect the effort or cost to onboard new customers.

Customers can have the Load Control Device installed by the Company at no cost to the customer under the Company's proposed tariff changes. In lieu of having the Company undertake the installation, customers can also opt to arrange for a licensed electrician to install the device, but the Company will not reimburse the customer should the customer choose to do so. After installation, the customer is solely responsible for any costs required to integrate the Load Control Device with any facility hardware or software.

The penalty associated with not achieving the nominated load reduction during a Flex Peak DR event is waived in the event a Load Control Device fails to operate. Should a Load Control Device have persistent issues that cannot be resolved, a customer can only participate in Schedule 76 by switching to the Manual Dispatch Option. The Company intends to establish a reporting process to track and address repeated device failures.

### *Cost Effectiveness*

Based on the Company's experience with the Irrigation Peak Rewards and A/C Cool Credit DR programs—Schedule 23 and Schedule 74, respectively—the Company

estimates that installations will cost \$1,000 on average and the Load Control Devices will range between \$160 and \$500. Based on the \$44 per kW per year 2022 DR season costs and the \$51.42 cost effectiveness threshold calculated in ADV 1355, the Company calculates that these installations will be cost effective in the short term and will become more cost effective as the devices remain in place for longer than a year. The Company notes that it does not plan on funding software integration costs that are unique to each customer's equipment but does plan to work with customers to determine which Automatic Dispatch Option best suits the customer's needs.

### *Staff Analysis*

After reading the Company's filing, Staff agrees with the Company's choice to add an Automatic Dispatch Option to Schedule 76. Staff would be hesitant to support the Automatic Dispatch Option if it meant removing the Manual Dispatch Option; however, this is not the case. Staff is optimistic that the rollout of the Load Control Devices will be relatively smooth given the Company's experience with its Schedule 23 and Schedule 74 customers. However, Staff still expects some amount of trial and error when setting up and utilizing the Load Control Devices. As such, Staff is interested in the Company's reporting process regarding persistent malfunctioning devices. Staff requests that reporting of any persistent equipment issues with the Automatic Dispatch Option be included in the Company's DSM Annual Reports.

Staff reviewed the proposed tariff language and found that it matches the narrative presented by the Company in its filing. However, it is worth pointing out that the Company's proposed tariff adds a significant amount of new language to its Terms and Conditions section on sheet 76-6. These language additions can be broadly broken down into two categories. The first category largely reflects modified terminology—such as changing “program event” to “load control event”—or to add further clarity without changing any underlying intuition. Staff finds these consistent with the previous versions of this tariff and the Company's filing.

The second category is language that enshrines the Company's agency to call a load control event, install or maintain equipment for Automatic Dispatch Option customers, and to be reimbursed for any equipment and labor costs by customers caught improperly tampering with Load Control Devices. Staff found these new additions to be necessary both for the success of the program and overall ratepayer protection.

### Conclusion

Idaho Power's proposal to add an Automatic Dispatch Option to Schedule 76 is acceptable and appears to be consistent with OAR 860-027-0310. The changes in the tariff language do not appear to have any clear negative ramification for current

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Schedule 76 participants and could increase incentives for qualified customers to enroll in Schedule 76. Staff recommends that the Commission approve Idaho Power's proposed changes in Advice No. 22-05.

The Company has reviewed this memo and had no changes.

**PROPOSED COMMISSION MOTION:**

Approve Idaho Power's Advice No. 22-05, which adds an Automatic Dispatch Option to Schedule 76.

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