

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 27, 2022**

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

DATE: December 19, 2022

TO: Oregon Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1450/Advice No. 22-07)
Request to close Schedule 68 and Multi-Family Energy Savings Program.

STAFF RECOMMENDATION:

Approve Idaho Power Company's Advice No. 22-07.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Idaho Power Company's (Idaho Power or the Company) request to close Schedule 68, the Company's Multi-Family Energy Savings Program.

Applicable Rule or Law

Every public utility must file "schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it" with the Public Utilities Commission. ORS 757.205. Any proposed 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.

"[I]n order to produce cost-effective energy savings, reduce customer demand for energy, reduce overall electrical system costs, increase the public health and safety and

improve environmental benefits,” electric utilities must, “plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible.” ORS 757.054.

Energy utilities apply for Commission approval of programs designed to promote the acquisition of cost-effective conservation resources pursuant to OAR 860-027-0310. The Commission reviews proposed programs and program modifications to consider whether the program includes cost-effective measures, incents cost minimization, is not easily manipulated by the utility, and is predictable and simple. OAR 860-027-0310(2). The program must also fairly allocate risks and rewards between shareholders and ratepayers, minimize cross-subsidization by non-participants, and promote rate stability.

Analysis

Background

On August 17, 2016, Idaho Power proposed this energy efficiency program for multi-family housing.¹ The Commission approved Schedule 68 on September 27, 2016.

Through Schedule 68, the Multi-Family Energy Savings Program installs energy saving products in multi-family dwellings with five units or more per building at no cost to the property owners or managers. This schedule applies to electrically heated multi-family dwellings in Idaho Power’s Oregon service territory with individual apartments or condominiums that are served under a residential schedule. For a condominium building, participation of at least 50 percent of the unit owners is required. The product installations cover light-emitting diode (LED) bulbs, air filters, low-flow showerheads with a thermostatic shower valve (TSV), faucet aerators, pipe wrap, and educational materials.

Idaho Power suspended in-home program work in March 2020 due to safety concerns during the COVID-19 pandemic. Idaho Power resumed in-home work on October 18, 2021.

On January 14, 2022, Idaho Power applied for a cost-effectiveness exemption for the Multi-Family Energy Savings Program.² The Commission granted this exception on March 24, 2022.³

¹ See Docket No. ADV 362, Idaho Power, Advice No. 16-12, August 17, 2016.

² See Docket No. UM 1710, Idaho Power, Request for Cost-Effectiveness Exceptions for Specific Demand-Side Management Electric Measures and Programs, January 14, 2022, p 3.

³ See Docket No. UM 1710, OPUC, Order No. 22-095, March 24, 2022, p 1.

Reason for Cancellation

Idaho Power believes this program will not become cost effective under its current design. Before 2020, the Multi-Family Energy Savings Program had a Total Resource Cost Test benefit/cost ratio of 2.34. In 2020, it dropped to 0.28.

The decline in cost effectiveness is driven by several factors, most notably, a decline in expected savings from these projects:

- The avoided costs are 12 percent lower than what was previously used to assess the program's cost effectiveness in 2019.
- The associated energy savings assumptions for LED bulbs have declined by 65 percent since 2019.
- The Northwest Power and Conservation Council's Regional Technical Forum no longer provides data for faucet aerators.
- The energy savings for the low-flow showerheads with thermostatic shower valves are 80 percent lower than what was previously assumed.

These changes in data suggest that, even if the scale of program participation were to return to 2019 levels, the costs of the Multi-Family Energy Savings Program will continue to exceed the benefits.

Idaho Power has consulted with the Energy Trust of Oregon (ETO) to compare multi-family offerings and understand any key learnings or findings based on ETO's experience. The Company learned that ETO has faced similar cost-effectiveness challenges. ETO discontinued a comparable multi-family direct install program in 2020.

Stakeholder Engagement

Staff confirmed that Idaho Power has been engaging with stakeholders on the decline of the Multi-Family Energy Savings Program's cost-effectiveness. Idaho Power presented the cost-effectiveness challenges to stakeholders at the Energy Efficiency Advisory Group (EEAG) meeting on November 10, 2021, and also discussed possible closure. The Company proposed closing this program at the August 11, 2022, EEAG meeting. The Company states that Idaho Power "received no objection from EEAG stakeholders in either meeting."⁴ Staff is not aware of a party opposing this proposal.

Multi-Family Measure Redesign

In consulting with ETO, Idaho Power has learned that ETO has continued to offer multi-family energy efficiency measures through other programs. After ETO closed its direct install multi-family program, ETO incorporated multi-family measures into its

⁴ See Docket No. ADV 1450, Idaho Power, Advice No. 22-07, November 15, 2022, p 3.

retrofit, new construction, and HVAC programs where customers bear some of the cost. Idaho Power plans to explore a similar approach to acquiring cost-effective energy efficiency from multi-family housing either in a new standalone program that requires some customer cost share or consolidating these measures into other programs such as Schedule 72 (heating and cooling) or Schedule 89 (commercial and industrial).

Conclusion

Staff recommends the Commission approve Idaho Power's request to close Schedule 68, the Company's Multi-Family Energy Savings Program. The best available evidence shows this program is not expected to return to cost-effectiveness.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's Advice No. 22-07.