

Lisa D. Nordstrom
Lead Counsel
lnordstrom@idahopower.com

March 10, 2015

Public Utility Commission of Oregon
Filing Center
550 Capitol Street NE, Suite 215
P. O. Box 2148
Salem, OR 97308-2148

RE: Tariff Advice No. 15-03
New Schedule 76, Flex Peak Program

Attention Filing Center:

Idaho Power Company (“Idaho Power” or “Company”) hereby respectfully submits this tariff advice to the Public Utility Commission of Oregon (“OPUC” or “Commission”) requesting authorization to implement an optional program, Schedule 76, Flex Peak Program. The Flex Peak Program (“Program”) is a voluntary, internally-managed demand response program for commercial and industrial (“C&I”) customers who are willing and able to reduce their electrical energy loads for short periods during summer peak days.

Idaho Power requests that the Commission authorize the tariff sheets as filed with an effective date of May 1, 2015, to provide the Company 45 days to solicit participants and implement the Program prior to the June 15, 2015, start of the demand response program season.

Attached are the following tariff sheets:

Original Sheet No.76-1
Original Sheet No.76-2
Original Sheet No.76-3
Original Sheet No.76-4
Original Sheet No.76-5

Idaho Power has offered a third-party managed C&I demand response program (previously known as the FlexPeak Management program) to its Idaho C&I customers since 2009 and its Oregon C&I customers since 2010. Since its inception, the FlexPeak Management program acquired between 8.5 megawatts (“MW”) and 39.3 MW of nominated generation-level reductions per demand response program season. During the 2014 demand response program season, the Company received an average of 34 MWs of generation-level demand reduction capacity from the FlexPeak Management Program, with approximately 10 MWs provided by the Company’s Oregon customers.

PURPOSE OF DEMAND RESPONSE AT IDAHO POWER

The goal of demand response at Idaho Power is to minimize or delay the need to build new supply-side resources. The company estimates future potential capacity shortfalls through the Integrated Resource Plan (“IRP”) planning process, then designs resources to mitigate these shortfalls. Demand response programs are measured by the amount of demand reduction, in MW, available to the Company during system peak periods. The Company operates three demand response programs in its service area: the A/C Cool Credit program for residential customers, the Irrigation Peak Rewards program for irrigation customers and historically, the FlexPeak Management program for the Company’s C&I customers.

BACKGROUND OF C&I DEMAND RESPONSE IN OREGON

On March 5, 2010, Idaho Power filed an application with the OPUC requesting authority to expand to its Oregon service area a voluntary C&I demand response program managed by EnerNOC, Inc. (“EnerNOC”) which it launched in Idaho in 2009. In that case, the Company provided the contract between it and EnerNOC (“Agreement”), in addition to the first amendment to that contract to the OPUC. In Order No. 10-206 issued in Docket No. UM-1473, the OPUC granted authority for the Company to provide its FlexPeak Management Program offering to its Oregon customers.

In December of 2012, prompted by the lack of potential near-term peak-hour deficits identified in the Peak Load and Resource Balance analysis prepared for the 2013 IRP, Idaho Power filed a request in Idaho in Docket No. IPC-E-12-29, and in February of 2013, filed a request in Oregon in Tariff Advice No. 13-04 for authority to temporarily suspend two of its three demand response (“DR”) programs (A/C Cool Credit and Irrigation Peak Rewards). The FlexPeak Management Program was not suspended because it was under contract with EnerNOC.

During the suspension of Idaho Power’s two other demand response programs, the Company worked with stakeholders in both Oregon and Idaho through a collaborative workshop process to evaluate and identify the best long-term solution for the continuation of all three of Idaho Power’s demand response programs. This process resulted in settlement agreements being reached in both states.

In an effort to reduce the cost of the FlexPeak Management Program, on March 7, 2013, the Company filed a petition for approval of a second amendment to the Agreement with the Idaho Public Utilities Commission (“IPUC”) in Case No. IPC-E-13-04. This Amendment No. 2 was filed with the OPUC on July 9, 2013, in Docket No. UM-1473, along with an informational letter explaining the changes to the contract. This second amendment reduced the weekly MW of nominated demand reduction obligations to a range of 20 MW to 35 MW to ensure that the then-current participation levels were sustainable while limiting future program costs associated with higher demand reduction levels that the Company’s IRP indicated it did not need at the time.

In the interest of administrative efficiency for the Commission and for the Oregon customers of Idaho Power, in May of 2013, the Commission opened Docket No. UM 1653 to facilitate participation by Oregon Staff and interested Oregon parties in the Idaho workshop process.

On June 4, 2013, in Case No. IPC-E-13-14, the IPUC issued Order No. 32823, which directed the IPUC Staff to convene an informal prehearing conference to discuss scheduling the public workshops regarding the continuation and/or modification of the Company's demand response programs.

Following a June 12, 2013, prehearing conference held in Idaho, parties to both dockets set a schedule for four workshops to be held at Idaho Power's corporate headquarters on July 10, July 23, August 7, and August 19, 2013. During the August 19 workshop, workshop participants agreed to a fifth workshop to be held on August 27, 2013, to discuss settlement. An additional workshop was held on October 9, 2013, in Oregon where the results of previous workshops were reviewed, program details were discussed, and parties to UM 1653 discussed settlement.

On October 2, 2013, Idaho Power requested the IPUC approve a Settlement Agreement signed by Idaho Power, IPUC Staff, Idaho Irrigation Pumpers Association, Idaho Conservation League, Snake River Alliance, EnerNOC, and Idaho customer Mike Seaman resolving and settling issues related to the modification and reinstatement of Idaho Power's demand response programs for 2014 and beyond. In Order No. 32923, issued on November 12, 2013, the Settlement Agreement was approved by the IPUC.

On November 15, 2013, Idaho Power requested the OPUC approve a Settlement Agreement signed by Idaho Power, OPUC Staff, Oregon Irrigation Pumpers Association, Citizens' Utility Board of Oregon, and EnerNOC resolving and settling issues related to the modification and reinstatement of Idaho Power's demand response programs for 2014 and beyond. In Order No. 13-482, the OPUC approved the Settlement Agreement, which is virtually identical to the Settlement Agreement approved in Idaho (there is one additional reporting requirement in Oregon). Throughout the rest of this tariff advice, "Settlement Agreement" will refer to the OPUC-approved agreement, a copy of which has been included with the filing for reference as Attachment No. 1.

On March 7, 2014, the Company filed a petition for approval of a third amendment to the Agreement with the IPUC in Case No. IPC-E-14-02. This Amendment No. 3 was filed with the OPUC on June 19, 2014, in Docket No. UM-1473, with an informational letter explaining the changes to the contract. This third amendment modified the Agreement to comply with terms of the Settlement Agreement and extended the termination date of the Agreement through December 2014.

In anticipation of the Agreement ending, the Company issued a request for proposal to solicit bids from third-party providers to administer a C&I demand response program. The Company analyzed those responses next to the internally-managed option for the Program, and determined the internally-managed option would be the preferred alternative.

STAKEHOLDER INPUT

In anticipation of possibly administering the program internally, the Company informally surveyed 25 customers that recently participated in the third-party managed program and asked them how they might respond to a change in the way the program was designed and managed. The responses generally indicated those customers would likely participate even if the program changed and they were not provided with the same monitoring and coaching services that EnerNOC provided. Customers indicated that while some used the EnerNOC data, the coaching and visibility to usage data was not necessary to secure their participation.

The Company held a webinar with its Energy Efficiency Advisory Group (“EEAG”) on Friday, January 9, 2015, to solicit EEAG’s preference and support for either renewing the contract with EnerNOC or having the Company administer the Program. The majority of EEAG members were supportive of an Idaho Power-managed program. One EEAG member expressed a neutral position and one EEAG member recommended the Company retain EnerNOC as the third-party manager of a C&I demand response program.

COMPANY-ADMINISTERED FLEX PEAK PROGRAM PROPOSAL

Program Design

The proposed optional Program will be available to C&I customers taking service under Schedules 9 or 19. The Program will be promoted to past C&I demand response program participants and, as explained more fully in Schedule 76, those customers who intend to participate will be required to submit an application with the Company prior to the start of each Program season. The Program season will run from June 15 – August 15. Program events will be called only between the hours of 2:00 p.m. – 8:00 p.m., Monday through Friday, excluding holidays. Program events may last two to four hours per day and will not exceed 15 hours per calendar week and 60 hours per Program season. Participants will be notified two hours prior to a Program event. A minimum of three Program events per season will be called. A brief overview of the Company’s proposed Program is provided as Attachment No. 2 to this filing.

Incentive Payments

The proposed Program incentive structure includes both fixed and variable payments. The proposed fixed payment will be equal to \$3.25 per kilowatt (“kW”) per week multiplied by the amount of actual kW reduction received during a Program event or, in the absence of a Program event, the actual kW reduction will be equal to the nominated kW. The proposed variable payment will be equal to \$0.16 per kilowatt-hour reduced, effective

after the first three Program events have been called for the Program season. The kW reduction will be calculated from a baseline using the three highest average participant non-event load days in the prior 10 days before an event day. Payments to participants will be in the form of a check distributed within 30 days of the end of each Program season.

Compliance with Settlement Agreement

The Settlement Agreement discusses several high-level demand response concepts that are to guide Idaho Power in the implementation of its demand response programs. These high-level concepts are listed in Section 4.a of the Settlement Agreement and include the concept that Idaho Power will provide demand response program offerings for all three customer classes (residential, commercial/industrial, and irrigation). Additionally, the Settlement Agreement addresses the annual value of Idaho Power's demand response portfolio as set forth in Section 6 of the Settlement Agreement. The Settlement Agreement also specifically addresses the C&I demand response program requirements by describing certain parameters surrounding participation, program design, and the incentive structure in section 9.

Customer Benefits

There are several benefits to participants of a Company-managed program. First, the Company has identified cost savings if it internally manages the Program. The cost savings would be passed on directly to the entire body of customers, both participants and non-participants. Second, the Company has repeatedly heard from customer groups that they would value increased transparency regarding the terms of the agreement between a third-party provider and the participating customers. If the Company offered a program, each participating customer would have the same terms and conditions identified in the publicly available tariff schedule and receive consistent incentive payments for doing so.

Comparison of Past and Proposed Flex Peak Programs

While there are several small differences between the Idaho Power-managed proposed Program and the past third-party managed program, one major difference will be that EnerNOC monitored the load reduction of each participating site during a program event, and if needed, called participants to provide coaching in order to get their overall load reduction to equal the nominated amount. In order to facilitate this process, EnerNOC provided equipment at each participant site and provided participants with access to a website where those participants could view their real-time usage data.

Subsequent to the above-mentioned survey regarding customer preferences, some customers provided feedback to the Company regarding the design of the Program, some of which the Company has been able to incorporate, such as the ability to aggregate metered sites, the minimum kW of load reduction required for participation, and the timing of incentive payments.

At this time, the Company does not plan to provide equipment to participants that will allow them to monitor their load reduction or have access to a website where they could view their real-time load data. Further, Idaho Power does not plan to provide coaching during Program events.

The Company plans to discuss options with individual customers who are interested in participating in the Program but do not currently have visibility to their real-time load data to explore installing equipment that would provide such visibility.

Program Timing and Consistency Between Jurisdictions

Idaho Power is requesting that the Commission approve the tariff schedule as filed by May 1, 2015, so that the Company will have 45 days to solicit participants and implement the Program by June 15, 2015, as envisioned in the Settlement Agreement.

Additionally, Idaho Power has filed the exact same proposed Program design in its Idaho jurisdiction (Case No. IPC-E-15-03) and endeavors to keep consistency of the Program across its Idaho and Oregon jurisdictions. The importance of offering a consistent Program across the Idaho Power service area cannot be overstated. Offering two separate program designs could create confusion amongst customers and could inhibit participation. In addition, program infrastructure is designed to implement consistent programs across jurisdictions. Differing programs in the Company's two jurisdictions could cause increased costs associated with maintaining separate program infrastructure.

PROGRAM COST-EFFECTIVENESS AND FUNDING

According to the above-described Settlement Agreement, the annual value of Idaho Power's demand response portfolio is to be no greater than the levelized annual cost of the minimum size deferred resource, which was calculated in the Settlement Agreement to be approximately \$16.7 million. In 2014, the cost of operating the Company's entire demand response portfolio was \$10.6 million, well under the \$16.7 million threshold. If all three demand response programs were dispatched for the maximum allowable number of hours, the costs would have been approximately \$13.8 million.

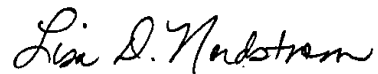
The Company estimates that it can operate the Program for less cost than it could by contracting with a third-party operator, in which case the total demand response expense will be reduced accordingly. The total program costs of the third-party managed FlexPeak Management Program for both the Idaho and Oregon jurisdictions averaged approximately \$2.0 million annually for nominated reductions at generation-level ranging between 8.5 MWs and 39.3 MWs annually. Based on the Company's proposed Program design, the Company anticipates total Program costs across both its Idaho and Oregon jurisdictions to range from approximately \$1.1 million annually with no variable payments up to approximately \$1.4 million if the Program has 35 MW of nominated reductions and was dispatched for the maximum number of hours allowed, which is 60.

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Idaho Power does not propose a change to customer rates associated with the ongoing funding of the Program. The Company would continue to recover Program incentives, labor, and other administrative expenses through the Energy Efficiency Rider.

If you have any questions regarding this filing, please contact Connie Aschenbrenner at (208) 388-5994 or caschenbrenner@idahopower.com.

Sincerely,

A handwritten signature in black ink that reads "Lisa D. Nordstrom". The signature is written in a cursive, flowing style.

Lisa D. Nordstrom
Lead Counsel

LDN:kkt

Enclosures

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)

PURPOSE

The Flex Peak Program (the Program) is a voluntary program that motivates Participants to reduce their load during Company initiated demand response events. A participating Customer will be eligible to receive a financial incentive in exchange for being available to reduce their load during the calendar months of June, July, and August.

AVAILABILITY

The Program is available to Commercial and Industrial Customers receiving service under Schedules 9, 19, or a Special Contract Schedule.

The Company shall have the right to accept Participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, total Program capacity, a Facility Site location, or amount of capacity provided at a Facility Site.

To participate in the Program, a Customer must sign and return the Program Application and worksheet provided by the Company specifying the Facility Site(s) to be enrolled in the Program. To enroll in the Program, Customers must be capable of providing a minimum load reduction of 20 kW per Facility Site or an aggregate reduction of 35 kW if participating under the Aggregated Option. If a Facility Site is accepted for participation in the Program, a Notification of Program Acceptance will be mailed to the Participant within 10 business days of the Company receiving the Program Application. Notification of Program Acceptance will include a listing of the Facility Sites that have been enrolled.

PROGRAM DESCRIPTION

The Company will initiate Program Events for a maximum of 60 hours during June, July, and August, and during those Program Events Participants will be expected to reduce load at their Facility Site(s). Participants will be eligible to receive a financial incentive in exchange for their reduction in load.

DEFINITIONS

Actual kW Reduction. The kilowatt (kW) reduction during a Program Event, which is the difference between a Participant's hourly average kW measured at the Facility Site's meter and the corresponding hour of the Adjusted Baseline kW.

Adjusted Baseline kW. The Original Baseline kW plus or minus the "Day of" Load Adjustment amount.

Aggregated Option. Multiple Facility Sites belonging to a single Participant that are grouped together per the customer's request with a single Nominated kW for participation in the Program. Under this option, the Company will sum the metering data from each enrolled Facility Site before calculating any incentive amounts.

Business Days. Any day Monday through Friday, excluding holidays. For the purposes of this Program, Independence Day is the only holiday during the Program Season. If Independence Day falls on Saturday, the preceding Friday will be designated the holiday. If Independence Day falls on Sunday, the following Monday will be designated the holiday.

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

DEFINITIONS (Continued)

Capacity Payment. The Weekly Effective kW Reduction multiplied by the Capacity Payment rate (as described in the Incentive Structure section).

"Day of" Load Adjustment. The difference between the average Original Baseline kW and the average actual metered kW during the two hours prior to the Participant receiving notification of an event. This adjustment is used to account for a customer using more or less load than their Original Baseline kW predicts on the day of the Program Event. "Day of" Load Adjustment will be applied to the Original Baseline kW for each Facility Site for each interval during the Program Event time when a Program Event is called. This adjustment will be capped at 20 percent below or above the Original Baseline kW.

Energy Payment. An energy-based financial incentive provided to the Participant. The payment is calculated by multiplying Variable Program kWh by the Energy Payment Rate (as described in the Incentive Structure section). The Energy Payment does not apply to the first three Program Events.

Event Availability Time. Between 2:00 p.m. and 8:00 p.m. Mountain Daylight Time (MDT) each Business Day.

Facility Site(s). All or any part of a Participant's facility or equipment that is metered from a single service location that a Participant has enrolled in the Program. For those Participants who have enrolled under the Aggregated Option, Facility Site will refer to the combination of individual Facility Sites selected for inclusion under the Aggregated Option.

Highest Energy Usage Days. The three days out of the immediate past 10 non-event Business Days that have the highest average kW as measured across the Event Availability Time.

Hours of Event. The timeframe when the Program Event is called and Nominated kW is expected to be reduced. The Hours of Event will not be less than two hours and will not exceed four hours.

Nominated kW. The amount of load expressed in kW that a Facility Site commits to reduce during a Program Event.

Nominated kW Incentive Adjustment. An adjustment made when a Facility Site does not achieve its Nominated kW for a given hour during a Program Event. The adjustment will be made for each hour the Nominated kW is not achieved. The total Nominated kW Incentive Adjustment will not exceed the total incentive amount for the Program Season (as described in the Incentive Structure section).

Notification of Program Acceptance. Written confirmation from the Company to the Participant. The Notification of Program Acceptance will confirm each Facility Site enrolled in the Program, as well as the Nominated kW amount for each Facility Site.

Original Baseline kW. The arithmetic mean (average) kW of the Highest Energy Usage Days during the Event Availability Time, calculated for each Facility Site.

SCHEDULE 76
 FLEX PEAK
 PROGRAM
 (OPTIONAL)
 (Continued)

The following table provides an example of the calculation of the Original Baseline kW between hours of 2:00 p.m. and 8:00 p.m. using the (3) Highest Energy Usage Days of 5, 7, and 9.

Day	2-3 PM (kW)	3-4 PM (kW)	4-5 PM (kW)	5-6 PM (kW)	6-7 PM (kW)	7-8 PM (kW)	Average Usage (kW)
1	3000	3100	3000	3200	3000	3200	3083
2	3200	3100	3200	3200	3100	3300	3183
3	3100	3200	3100	3100	3200	3100	3133
4	3250	3400	3300	3400	3300	3400	3342
5	3300	3400	3300	3400	3400	3500	3383
6	3100	3000	3200	3100	3100	3200	3117
7	3400	3300	3400	3300	3400	3300	3350
8	3300	3200	3300	3300	3300	3200	3267
9	3400	3500	3350	3400	3500	3400	3425
10	3250	3300	3300	3200	3200	3200	3242
Original Baseline (kW)	3367	3400	3350	3367	3433	3400	

Participant. Any Customer who has a Facility Site that has been accepted into the Program.

Program Application. Written form submitted by a Customer who requests to enroll a Facility Site in the Program.

Program Event. A time period when the Company requests or calls for reduction of the Nominated kW.

Program Season. June 15th through August 15th of each year.

Program Week. Monday through Friday.

Variable Program kWh. The kWh savings amount calculated by multiplying the Actual kW Reduction by each of the Hours of Event for the Facility Site during each Program Event beyond the first three Program Events.

Weekly Effective kW Reduction. The average of the Actual kW Reduction for all events in a Program Week or in the absence of a Program Event, the Weekly Effective kW Reduction will equal the Nominated kW for that Program Week.

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

PROGRAM EVENTS

The Company will dispatch Program Events on Business Days during the Program Season between the hours of 2:00 p.m. and 8:00 p.m. MDT. Program Events will last between two to four hours per day and will not exceed 15 hours per calendar week and 60 hours per Program Season. During each Program Season the Company will conduct a minimum of three Program Events. Participating Customers will receive advance notification at least two hours prior to the Program Event. The Company will provide notice of a Program Event via the following communication technologies: telephone and e-mail to the designated contact(s) submitted by the Participant in the Program Application. If prior notice of a pending Program Event has been sent, the Company may choose to revoke the Program Event initiation and will provide notice to Participants no less than 30 minutes prior to the Program Event.

REQUIREMENTS OF PARTICIPATING FACILITIES

Participants will have the flexibility to choose what equipment will be used to reduce the Nominated kW during each Program Event. Participants must notify the Company of their Nominated kW via the Program Application. Once the Program Season begins, the Participant must contact the Company via phone or email by Thursday at 10:00 a.m. MDT of the proceeding week to notify of any changes in Nominated kW. The Nominated kW may be raised or lowered each week without restriction any time before the third mandatory Program Event is called. After the third Program Event is called, the Nominated kW may still be raised or lowered, but may not exceed the highest Nominated kW prior to the third Program Event being called.

INCENTIVE STRUCTURE

Incentive payments will be determined based on a Capacity Payment, an Energy Payment, and any applicable Nominated kW Incentive Adjustment. Both the Capacity and Energy Payments will be paid by check no more than 30 days after the Program Season concludes on August 15th.

When a Program Event is called and a Participant exceeds the Nominated kW the Capacity Payment will be capped at 20 percent above original Nominated kW.

<u>Capacity Payment Rate*</u> (*to be prorated for partial weeks)	<u>Energy Payment Rate*</u> (*does not apply to first three Program Events)
\$3.25 per Weekly Effective kW Reduction	\$0.16 per kWh

Participants are expected to reduce their load by the Nominated kW during each hour of each Program Event for the duration of the event. Each time a Participant fails to achieve a load reduction of up to the Nominated kW during a Program Event, a Nominated kW Incentive Adjustment will apply.

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

INCENTIVE STRUCTURE (Continued)

For the first three Program Events, the Nominated kW Incentive Adjustment will be \$2.00 per kW for each hour the Nominated kW is not achieved during that interval. After the first three Program Events, the Nominated kW Incentive Adjustment will be \$0.25 per kW for each hour the Nominated kW is not achieved during that interval.

The total Nominated kW Incentive Adjustments will not exceed the total incentive amount for the Program Season.

TERMS OF PARTICIPATION

Participants must submit a Program Application annually prior to the start of the Program Season. This Program Application must include the Facility Site(s) they wish to enroll and the initial Nominated kW for each Facility Site. If a Participant requests the Aggregated Option they must specify this on the Program Application.

1. A Participant may terminate their participation in the Program at any time during or before the Program Season by notifying the Company in writing.
2. Upon terminating participation of a Facility Site, the Participant's incentive payment shall be prorated for the number of Business Days of participation in the Program. The Participant may not re-enroll the Facility Site into the Program until the following calendar year.

SPECIAL CONDITIONS

The provisions of this Program do not apply for any time period that the Company requests a load reduction during a system emergency or any other time that a Participant's service is interrupted by events outside the control of the Company. The provisions of this Program will not affect the calculation or rate of the regular Service, Energy, or Demand Charges associated with a Participant's standard service schedule.

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DEMAND RESPONSE PROGRAMS SETTLEMENT AGREEMENT

This Stipulated Settlement Agreement (“Settlement Agreement” or “Agreement”) is entered into by and among the following participants to the demand response workshops: Idaho Power Company (“Idaho Power” or “Company”), the Staff of the Oregon Public Utility Commission (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”), the Oregon Irrigation Pumpers Association (“OIPA”), and EnerNOC, Inc (“EnerNOC”). These entities and individuals are collectively referred to as the “Parties,” and individually as a “Party,” to the Agreement.

In late 2012, the Load and Resource Balance Analysis performed during the development of Idaho Power’s 2013 Integrated Resource Plan showed no peak-hour capacity deficit until 2016. Idaho Power, therefore, filed for changes to its A/C Cool Credit program, Irrigation Peak Rewards program, and FlexPeak Management program (collectively “DR Programs”) in Docket Nos. IPC-E-12-29 and IPC-E-13-04 in Idaho and Tariff Advice No. 13-04 and letter filed in UM 1473 in Oregon. Given that the Company also operates these programs in Oregon, the OPUC opened Docket No. UM 1653 in order to allow for the programs to be reviewed simultaneously in both Oregon and Idaho;

The A/C Cool Credit program and Irrigation Peak Rewards program were temporarily suspended in 2013, contract changes were made for the FlexPeak Management program, and the Parties attended a series of five workshops (“DR Workshops”) - some by phone, others in person – in Idaho to address changes to the program for 2014 and beyond. The workshops

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focused on how the Company includes demand response ("DR") in its Integrated Resource Plan ("IRP"), how it calculates cost-effectiveness of DR, the purpose of DR, Idaho Power's DR Programs and design, and settlement options for Idaho Power's DR Programs in 2014 and beyond. An additional workshop was held in Oregon for the benefit of Oregon stakeholders on October, 9, 2013 at which the results of the Idaho Workshops were reviewed and Parties discussed settlement;

As a result of the DR Workshops in Idaho and Oregon, the Parties reached agreement on certain aspects of Idaho Power's DR Programs.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals.** The above-stated recitals are incorporated and made a part of this agreement to the same extent as if the recitals were set forth in full at this point.

2. **Public Interest.** This Agreement is a fair, just, and reasonable compromise of contested issues and its acceptance by the Oregon Public Utility Commission ("OPUC" or "Commission") would be in the public interest. The Agreement and its acceptance by the Commission will reasonably resolve the issues related to Idaho Power's DR Programs. Therefore, the Parties recommend that the Commission approve the Agreement and all of its terms and conditions without material change or condition pursuant to OAR 860-001-0350(7).

3. **Term.** This Agreement shall be in effect beginning on the date it is approved by the Commission and shall apply to Idaho Power's DR Programs for 2014 and beyond until:

a) a change occurs in Idaho Power's system operations or cost-effectiveness of a DR Program that Idaho Power determines would warrant reevaluation of the Agreement's terms; or,

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b) the Commission sua sponte determines that an investigation should be conducted into Idaho Power's DR programs; or

c) Intervenors in this docket request that the Commission conduct an investigation of the DR programs covered in this docket and the Commission grants their request.

Should any of the above events occur, Idaho Power will consult its Energy Efficiency Advisory Group ("EEAG") and then make an appropriate filing at the Commission.

4. **Concepts.** The Parties agreed that the following overarching demand response concepts should guide Idaho Power's implementation of its DR Programs:

a. The Company must:

i. Use existing demand response resources when possible. This includes using, to the extent possible, current demand response equipment owned or available to Idaho Power and participating demand response customers, which currently represents approximately 400 megawatts ("MW") of potential demand response capacity.

ii. Include demand response offerings for all three customer classes (residential, commercial/industrial, and irrigation).

iii. Keep costs as low as possible.

iv. Reevaluate the value calculation as the IRP changes.

v. Take a long-term outlook. In order to have viable demand response programs in the long term, the programs must continue in the short term.

vi. Calculate the avoided cost used for demand response by using the avoided capacity cost of a 170 MW single cycle combustion turbine ("SCCT") multiplied by the

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effective load carrying capacity ("ELCC"), measured over 20 years, plus the corresponding deferred energy savings for 60 program hours.

vii. Strive for consistency in dispatch requirements across DR Programs.

b. Uses for demand response beyond reducing peak loads may be: load following, non-spinning operating reserves, improved reliability during emergency situations, and flexibility to address delays in building new supply-side peaking resources. The workshop participants broke into small groups and discussed the possibilities of load following and reserves. Based upon these workgroup findings, Idaho Power will investigate the feasibility of using demand response as operating reserves and make a determination on feasibility by the end of the 3rd quarter of 2014. If Idaho Power determines that a pilot is feasible, it will create a proposal and work with Staff of the Idaho and Oregon Commissions and other interested stakeholders to develop a pilot program.

c. This Agreement applies only to Idaho Power's Demand Response Programs, and the concepts are not applicable to any of the Company's other DSM Programs.

5. **Resource Size.** The minimum size of the deferred resource used for the value calculation is 170 MW. It is appropriate for Idaho Power to incur and recover costs based on deferring this resource.

6. **Value.** The annual value of demand response is equal to the levelized annual cost of the minimum size deferred resource, measured over a period of 20 years, plus the corresponding deferred energy savings for 60 program hours. As of the date of this Agreement, the calculation leads to an annual value of \$16.7 million dollars for the entire DR Program

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portfolio. The demand response value calculation shall include this value even in years when the IRP shows no peak-hour capacity deficit. The annual value calculation will be updated with each IRP based on changes that include, but are not limited to need, capital cost, or financial assumptions.

7. A/C Cool Credit Program. Idaho Power will implement the A/C Cool Credit program in a manner consistent with the tariff Schedule 81. A true and correct copy of the tariff is attached to this Agreement as Attachment 1 and is incorporated herein as if set forth in full at this point.

a. Participants. Participants are residential customers who are presently enrolled in the program and have a load control device installed. All paging devices installed at current participants' residences will be replaced with AMI-compatible devices, with the goal of completing replacement in time for the 2014 program season. Idaho Power will not actively promote the A/C Cool Credit program to solicit new participants through marketing tactics, but will accept new participants in this program who request to participate, regardless of whether they were previously participants in the program. In order to use existing equipment, Idaho Power will contact and attempt to recruit customers who move into a home that already has a load control device installed. If a customer enrolls in the A/C Cool Credit program at a residence that has a paging device, the load control device will be replaced with an AMI-compatible device. Idaho Power will also attempt to recruit participants who change residences to a location that does not have a load control device. An A/C Cool Credit program load control device will remain in place unless a customer requests the load control device be removed.

Attachment No. 1

b. Program Details. The A/C Cool Credit program will be available from June 15 through August 15, Monday through Friday, excluding holidays. Each dispatch event will last no longer than four hours for each participant. Dispatch events will not occur more than 15 hours per week or 60 hours per season. In the event of a system emergency, demand response capacity from the A/C Cool Credit program will be available for immediate dispatch. Idaho Power will conduct a minimum of three dispatch events per season. No advanced notice to participants is required prior to executing each dispatch event. Participants, with advance notice, may opt out of two events per season.

c. Incentive. Participants will receive a fixed incentive of \$15 for the season, which will be issued as a credit on one or more of the participant's monthly bills for the program months.

d. Program Size. If participation in the A/C Cool Credit Program changes, Parties to this Agreement may file an application to modify the program as set forth in Section 3.

8. Irrigation Peak Rewards Program. Idaho Power will implement the Irrigation Peak Rewards program in a manner consistent with the tariff Schedule 23. A true and correct copy of the tariff is attached to this Agreement as Attachment 2 and is incorporated herein as if set forth in full at this point.

a. Participants. Participation is limited to past Irrigation Peak Rewards service locations where an active, working load control device exists as described in more detail in Attachment 2. The Company will not actively market the Irrigation Peak Rewards program as described in more detail in Attachment 2.

Attachment No. 1

b. Program Details. The Irrigation Peak Rewards program will be available from June 15 through August 15, Monday through Saturday, from 1:00 p.m.-9:00 p.m., excluding holidays. Each dispatch event will last no longer than four hours for each participant. Dispatch events will not occur more than fifteen (15) hours per week or sixty (60) hours per season. In the event of a system emergency, demand response capacity from the Irrigation Peak Rewards program will be available for immediate dispatch. Idaho Power will conduct a minimum of three dispatch events per season. Participants with Interruption Option 3 will be given at least four hours advanced notification. There will be no notification required for participants with Interruption Options 1 and 2. Participants may opt out of an event. An opt-out fee of \$5.00 per kilowatt ("kW") per event will apply for the first three events and \$1.00 per kW per event for subsequent events. The opt-out fee will not exceed the total bill credit for the program season.

c. Incentive. Participants will receive a fixed incentive in the form of a demand and energy component which is approximately \$16 per kW per season, as set forth in more detail in Attachment 2. The fixed incentive shall include the above-mentioned three minimum dispatch events. If Idaho Power conducts dispatch events in the Irrigation Peak Rewards program in addition to the three minimum dispatch events, Participants will receive a variable incentive of \$0.148 (or \$0.198 for the 9:00 p.m. option) per kWh as set forth in more detail in Attachment 2, which, with the realization rate included, results in a cost to Idaho Power of approximately \$0.22 per kWh.

9. FlexPeak Management Program. Idaho Power will implement the Flex Peak Management program using the following design parameters.

Attachment No. 1

a. Participants. Idaho Power will not actively seek to expand the capacity of the FlexPeak Program. Participants are industrial and large commercial customers.

b. Program Details. The FlexPeak Management program will be available from June 15 through August 15, Monday through Friday, from 2:00 p.m.-8:00 p.m., excluding holidays. Each dispatch event will last up to four hours per participant within the available program hours. Dispatch events will not occur more than 60 hours per season. In the event of a system emergency, demand response capacity from the FlexPeak Management program will be available. Idaho Power will conduct a minimum of three dispatch events per season. There will be two hours advanced notice to participants.

c. Incentive. A fixed and variable incentive structure may be appropriate, as long as the variable portion is low enough that it does not prevent the program from being dispatched. If a variable and fixed incentive structure is used, a minimum of three dispatch events will be included in the fixed incentive. The variable incentive will be paid to participants if Idaho Power conducts dispatch events in the FlexPeak Management program for more than the three minimum dispatch events.

10. **Reporting**. Idaho Power Company will provide a one-time, short letter report to Parties to this Agreement by October 15, 2014. The letter will compare 2012 information to best available, preliminary information for the 2014 program season for the A/C Cool Credit and Irrigation Peak Rewards programs. For both programs, the letter will compare the number of program participants, enrolled capacity, estimated load reduction in megawatts (MW), total program costs, and cost per MW of estimated load reduction. Additional reporting on these

Attachment No. 1

programs will be provided, thereafter, in the Annual DSM report provided to the OPUC in March or April of each year.

11. **Confidentiality.** The Parties agree that this Stipulation represents a compromise in the positions of the parties. As provided in OAR 860-001-0350(3), without the written consent of all parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.

12. **Commission Procedure.** The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Party reserves its right: (i) to withdraw from the Stipulation, upon written notice to the Commission and the other Parties within five (5) business days of service of the final order that rejects this Stipulation, in whole or material part, or adds such material condition; (ii) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (iii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission order. Nothing in this paragraph provides any Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

Attachment No. 1

No Party shall be deemed to have agreed that any method, theory, or principle of regulation or cost recovery employed in arriving at this Agreement is appropriate for resolving any issues in any other proceeding in the future.

13. **Entire Agreement.** This Agreement and its attachments constitute the entire agreement between the Parties regarding the subject matter hereof. There are no oral or written understandings, representations, or commitments of any kind, express or implied, which are not expressly described in this Agreement.

14. **Severability.** If, after Commission approval of this entire Agreement without modification, any immaterial term or provision of this agreement that is found to be void, prohibited, or unenforceable by local, state, or federal law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Upon a determination that any material term or provision is void, prohibited, or unenforceable by local, state, or federal law, the Parties shall negotiate in good faith to modify this Agreement to maintain the original intent of the Parties without such material provision.

15. **No Third-Party Beneficiaries.** No right or obligation contained in this Agreement shall inure to the benefit of any person or entity not a Party or successor or assign of a Party.

16. **Counterparts.** This Agreement may be executed in counterparts and each signed counterpart shall constitute an original document.

[signature page follows]

Attachment No. 1

DATED this ___ day of October 2013.

Idaho Power Company

Theresa Drake

By _____
Theresa Drake
Customer Relations & Energy Efficiency
Manager

**Oregon Public Utility Commission
Staff**

By _____
Johana Reimenschneider
Assistant Attorney General

Oregon Irrigation Pumpers Association, Inc. EnerNOC, Inc.

By _____
Lynn Tominaga
Executive Director of OIPA

By _____
Melanie Gillette
Director, Regulatory Affairs

Citizens' Utility Board of Oregon

By _____
Catriona McCracken
General Counsel/Reg.Prog.Dir.

Attachment No. 1

DATED this 31st day of October 2013.

Idaho Power Company

By _____
Theresa Drake
Customer Relations & Energy Efficiency
Manager

**Oregon Public Utility Commission
Staff**

By 
Johana Reimenschneider
Assistant Attorney General

Oregon Irrigation Pumpers Association, Inc. EnerNOC, Inc.

By _____
Lynn Tominaga
Executive Director of OIPA

By _____
Melanie Gillette
Director, Regulatory Affairs

Citizens' Utility Board of Oregon

By _____
Catriona McCracken
General Counsel/Reg.Prog.Dir.

Attachment No. 1

DATED this ___ day of October 2013.

Idaho Power Company

**Oregon Public Utility Commission
Staff**

By _____
Theresa Drake
Customer Relations & Energy Efficiency
Manager

By _____
Johana Reimenschneider
Assistant Attorney General

**Oregon Irrigation Pumpers Association,
Inc.**

EnerNOC, Inc.

By  _____
Lynn Tominaga
Executive Director of OIPA

By _____
Melanie Gillette
Director, Regulatory Affairs

Citizens' Utility Board of Oregon

By _____
Catriona McCracken
General Counsel/Reg.Prog.Dir.

Attachment No. 1

DATED this ___ day of October 2013.

Idaho Power Company

**Oregon Public Utility Commission
Staff**

By _____
Theresa Drake
Customer Relations & Energy Efficiency
Manager

By _____
Johana Reimenschneider
Assistant Attorney General

Oregon Irrigation Pumpers Association, Inc. EnerNOC, Inc.

By _____
Lynn Tominaga
Executive Director of OIPA

By Melanie Gillette
Melanie Gillette
Director, Regulatory Affairs

Citizens' Utility Board of Oregon

By _____
Catriona McCracken
General Counsel/Reg.Prog.Dir.

Attachment No. 1

DATED this 30th day of October 2013.

Idaho Power Company

By _____
Theresa Drake
Customer Relations & Energy Efficiency
Manager

**Oregon Public Utility Commission
Staff**


By _____
Johana Reimenschneider
Assistant Attorney General

Oregon Irrigation Pumpers Association, Inc. EnerNOC, Inc.

By _____
Lynn Tominaga
Executive Director of OIPA

By _____
Melanie Gillette
Director, Regulatory Affairs

Citizens' Utility Board of Oregon

By 

Catriona McCracken
General Counsel/Reg.Prog.Dir.

Flex Peak Program Summary

This document is to be used as a high level overview and outlined proposal regarding implementation of Flex Peak Program for Idaho Power's Large Commercial and Industrial Customers. This Program will be provided on a voluntary basis for qualifying customers. There are some definitions and details that may not be included in this high level scope as it is merely focusing on the main concepts of the program.

- **Purpose** - The Flex Peak Program is a program that motivates Participants to reduce their electric load during Idaho Power Company initiated demand response events. A participating Customer will be eligible to receive a financial incentive in exchange for being available to reduce their load during the calendar months of June, July, and August.
- **Availability** - Commercial and Industrial Customers receiving service under Schedules 9, 19 or a Special Contract Schedule who are able to commit at least 20 kW reduction during Program Events per Facility Site or an aggregate reduction of 35 kW if participating with multiple sites.
- **Enrollment Options** - Customers have the option to enroll each facility site independently with a single Nominated kW per site or they can enroll multiple facility sites together under the "Aggregated Option" with a single Nominated kW for all the combined sites.
- **Program Season Details** - Runs from June 15th - August 15th
 - Program events will be called between hours of 2-8 PM Monday through Friday excluding holidays. Program Events may last 2-4 hours per day and will not exceed 15 hours per calendar week and 60 hours per Program Season.
 - Participants will be notified two hours prior to a Program Event via phone & email of their preference.
 - A minimum of three Program Events per season will be called.
 - Both Fixed & Variable payments to Participants will be in the form of a check no later than 30 days from end of Program Season (August 15th)
 - If a prior notice of a pending Program Event has been sent, the Company may choose to revoke the Program Event initiation and will provide no less than 30 minutes prior to the event.
- **Program Availability Time** - Between 2:00 P.M. and 8:00 P.M. Mountain Daylight Time (MDT) each Business Day.

Attachment No. 2

- **Incentive Structure** - Includes both Fixed & Variable payments
 - Fixed Capacity Payment Rate-\$3.25 per kW on weekly basis for every Program Event called (\$26 per kW for Program Season). If an event is not called the Participant will get paid based on their Nominated kW for that week.
 - Variable Energy Payment Rate-\$.16 per kWh implemented after first three Program Events have been called for the season. The kWh savings amount calculated by multiplying the Actual kW Reduction by each of the Hours of Event for the Facility Site during each Program Event beyond the first three Program Events.

<u>Fixed Capacity Payment Rate*</u> <small>(*to be prorated for partial weeks)</small>	<u>Variable Energy Payment Rate*</u> <small>(*does not apply to first three Program Events)</small>
\$3.25 per Weekly Effective kW Reduction	\$0.16 per kWh

- **Nominated kW Incentive Adjustment** - An adjustment made when the Participating facility does not meet their Nominated kW for any hour timeframe during the Program Event. The adjustment will be made only for the individual hour that the Nominated kW was not met.
 - Nominated kW Incentive Adjustment of \$2 per kW will be assessed for every hour the Nominated kW is not met for the duration of the Program Event during the first three events.
 - After the first three Program Events the Nominated kW Incentive Adjustment will be \$.25 per kW for every hour during the interruption where the Nominated kW is not met.
 - In both cases above the adjustments will not exceed the total Incentive amount for the Program Season.

- **Nominated kW** - The amount of load expressed in kW that a Participating Facility commits to reduce during a Program Event. This is calculated by subtracting the Program kW (Actual kW) from the Adjusted Baseline kW. Customers must notify the Company of their Nominated kW prior to June 1st of each year when submitting the Program Application. Once the Program Season begins the Participant must contact Idaho Power via email for phone by Thursday at 10:00 AM of the proceeding week to notify of any changes in Nominated kW. The Nominated kW may be raised or lowered each week any time before the third mandatory event is called. After the third event is called, nominations may still be raised or lowered, but may not exceed the highest Nominated kW prior to the third event being called. When a Program Event is called and the Participant exceeds their Nominated kW the Capacity Payment will be capped at 20% above original Nominated kW.

Attachment No. 2

- **Original Baseline kW** - The arithmetic mean (average) kW of the Highest Energy Usage Days during the Event Availability Time, calculated for each Facility Site. The Baseline is subject to the “Day of” Load Adjustment described below.
- **“Day of” Load Adjustment** - The difference between the average Original Baseline kW and the average Actual kW during the two hours prior to the Participant receiving notification of an event. This adjustment is used to account for a customer using more or less electricity than their Original Baseline kW predicts on the day of the Program Event. “Day of” Load Adjustment will be applied to the Original Baseline kW for each Participating Facility for each interval during the Program Event Time when a Program Event is called. This adjustment will be capped at 20% below or above the Original Baseline kW.
 - If a participating facility is using energy at a rate of 30% higher during the two hours prior to event notification, we will only adjust their baseline 20% higher and they are expected to reduce their demand from this 20% higher value, rather than from the 30% level that they are actually at. By the same token, if they are using energy at 30% less than their baseline, we will only adjust the baseline down 20%.
- **Adjusted Baseline kW** - The Original Baseline kW plus the “Day of” Load Adjustment amount. The Adjusted Baseline kW value is used to determine reductions or increases for the hours of Program event.