

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1710**

In the Matter of

IDAHO POWER COMPANY,

Request for Cost-Effective Exceptions for
Specific Demand-Side Management
Electric Measures and Programs

STAFF COMMENTS

Below are Staff's comments in response to Idaho Power Company's ("Idaho Power" or "Company") request for cost-effectiveness exceptions for four demand-side management ("DSM") measures and one program filed on February 11, 2015. The measures are available to residential and irrigation customers, while the program provides financial assistance to outside agencies who assist in weatherization efforts for low-income households.

Order No. 94-590 Criteria for Exceptions

Idaho Power is requesting exceptions that were established by the Commission in Order No. 94-590 issued in UM 551. For reference purposes, the available conditions to qualify for an exception are¹:

- A. The measure produces significant non-quantifiable non-energy benefits. In this case, the incentive payment should be set no greater than the cost-effectiveness limit 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;

¹ For the remainder of these comments, reference to a specific condition from Order No. 94-590 will be cited simply by its letter, for example, "Condition C." The conditions are set forth in Order No. 94-590 at page 18.

- 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.

Discussion

Staff appreciates Idaho Power's cooperation and flexibility in regard to preparing and submitting this filing. In the effort to enhance and streamline the process for filing and reviewing DSM cost-effective exception requests, Staff has requested Idaho Power consolidate such requests into a single, annual filing. Doing so would enable Staff and the Commission to assess the measures and programs in a more comprehensive analysis than permitted by the piecemeal manner these exceptions have been requested thus far.

Staff believes that a global review enabled by a consolidated submission will benefit Idaho Power customers due to the increasingly diverse and interdependent characteristics of Idaho Power's DSM offerings. Additionally, such a filing will be advantageous for the Company itself due to the greater understanding of the Company's intentions afforded to Staff by a single filing. These programs and measures do not individually exist in a vacuum; their respective successes rely on an overall robust DSM operation and coordination. Idaho Power is planning to submit an annual filing if one is needed.

Staff appreciates Idaho Power's commitment to offering a variety of DSM programs to its customers and the Company's efforts to maintain those offerings when exceptions allow the Company to do so. The Regional Technical Forum periodically updates its savings and cost assumptions for DSM programs and measures, including those offered by Idaho Power. Because of revised values, the program and measures at issue became cost ineffective.

Ductless Heat Pump Pilot (three weather zone combinations)

Staff agrees with Idaho Power that the Ductless Heat Pump ("DHP") pilot program meets Conditions A and C. The non-energy benefits (NEB) exception, set forth in Condition A, may include improvements to indoor air quality. Such improvements to indoor air quality are certainly a benefit provided by DHP and Idaho Power's Oregon customers will benefit from their continued offering by the program.

However, Staff would like to know if Idaho Power is researching any elements of similar programs offered by regional entities, and if so, would the Company consider incorporating them into its respective measure? Staff will be sending the Company a data request in the near future seeking this information.

Water-source heat pumps (two installation combinations)

Staff agrees with Idaho Power that the water-source heat pumps measure meets conditions C and D. Despite the fact that Idaho Power has not encountered any activity for this program in Oregon, Staff appreciates the Company's intention to continue offering the program to those customers that reside in Oregon.

Staff would like to know if Oregon customers have expressed interest in this measure, and if so, what reasons have deterred customers from pursuing this measure? Additionally, Staff would like to see historic data for contractor costs due to this metric's use in calculating the total resource cost ratio. Staff will be sending the Company data requests in the near future seeking this information.

Heat pump conversion to 8.50 Heating Seasonal Performance Factor

Staff has reviewed Idaho Power's comments in support of this requested exception and agrees that this measure meets Conditions C and D.

Rebuilt or new brass impact sprinklers

Staff has reviewed Idaho Power's comments in support of this requested exception and agrees with Idaho Power that this measure meets Conditions A, C and D. In light of increasingly challenging water environments in Eastern Oregon and Idaho, the continuation of this program is imperative.

Staff would like to know if the Company is anticipating increased utilization of this program by customers in both states given the growing water challenges. Does Idaho Power plan on increasing customer outreach given the increasing costs and challenges due to water levels? Staff will be sending the Company data requests in the near future seeking this information.

Weatherization Assistance for Qualified Customers Program ("WAQC")

Due to legislation that provides funding of low-income weatherization projects through the public purpose charge, Idaho Power rightfully expressed its opinion that the cost-effectiveness requirement set forth in Order No. 94-590 does not apply to WAQC.² Idaho Power, in its initial UM 1710 submission filed on November 4, 2014, asked for clarification on this issue. In response, Staff has explained to the Company its understanding that the Commission's adoption of Staff's recommendation that "low-income weatherization programs are not intended to meet UM 551 [Order No. 94-590] cost-effectiveness standard..." in UM 1622³ indicates that Idaho Power's WAQC program is indeed exempt from the cost-effectiveness standards.


² ORS 757.612(3)(b)(C)

³ Order No. 14-332, UM 1662, October 1, 2014, 1, 71.

However, the Commission did not make an explicit determination in Order No. 14-332 regarding the application of the cost-effectiveness requirement to low-income weatherization programs, such as WAQC. See Order No. 14-322 at 41, 71. Staff will review the situation to determine whether to request further clarification from the Commission on this issue in its upcoming Staff Report.

This concludes Staff's Initial Comments.

Dated at Salem, Oregon, this 13th day April, 2015.



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