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**ELECTRONICALLY FILED**

Public Utility Commission of Oregon  
Filing Center  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97301

Re: Docket No. UM 1710 - Idaho Power Company's 2023 Request for Cost-Effectiveness  
Exceptions for Specific Demand-Side Management Electric Measures and Programs

Attention Filing Center:

Public Utility Commission of Oregon ("Commission") Order No. 94-590, issued in Docket No. UM 551, provides for the inclusion of non-cost-effective measures in utility Demand-Side Management ("DSM") programs if those measures meet specific conditions. In addition, Order No. 15-200, issued in Docket No. UM 1710, requires Idaho Power Company ("Idaho Power" or "Company") to request approval, on an annual basis, of exceptions articulated in Order No. 94-590 for these measures so they may continue to be offered to Oregon customers through the Company's DSM program portfolio.

As part of its annual review, Idaho Power has identified certain measures offered under the residential sector requiring renewed cost-effectiveness exceptions. In this filing, Idaho Power requests to renew all of the current cost-effectiveness exceptions for the ten<sup>1</sup> measure combinations applicable to its service area included in the Rebate Advantage Manufactured Home Incentives Program ("Rebate Advantage") contained in Schedule 87, Manufactured Housing Energy Efficiency Programs.

**Rebate Advantage**

The Rebate Advantage program helps Idaho Power customers in Idaho and Oregon with the initial costs associated with purchasing a new, energy efficient, ENERGY STAR qualified manufactured home. The program also provides an incentive to the sales consultants to encourage more sales of ENERGY STAR qualified homes and more discussion of energy efficiency with their customers during the sales process. In addition to offering financial incentives, the Rebate Advantage program promotes and educates buyers and retailers of manufactured homes about the benefits of owning energy efficient models.

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<sup>1</sup> The EcoRated Homes in HZ 3; CZ 1 measure was combined into the ENERGY Star Homes in HZ 3; CZ 1 measure as explained in the Company's Supplemental Application in Docket No. UM 1710 on 10/30/2020 on Page 3.

In October 2020, the Company requested cost-effectiveness exceptions for all Rebate Advantage measures and cited cost-effectiveness exceptions A, B, and C. The Commission approved the Rebate Advantage Program exceptions through March 31, 2023 in Order No. 21-079. When the Company made the filing in 2020, the analysis at the time showed the Total Resource Cost (“TRC”) Test ratio skewed higher in heating zone 2 where two-thirds of the Company’s Oregon customers live. Therefore, the Company expected that identifying opportunities to streamline administrative costs, or make other program changes, could have potentially improved the program’s overall cost-effectiveness. Also, the previous analysis in 2020 used the avoided costs from the 2017 Integrated Resource Plan (IRP). However, after evaluating cost-effectiveness under both the 2019 Second Amended IRP and the 2021 IRP, the cost-effectiveness, as measured by the TRC, has continued to decline.

The basic formula to calculate the TRC ratio is as follows:

$$\text{TRC Ratio} = \frac{(\text{Avoided Costs} \times 10\% \text{ Adder}) + \text{Non-Energy Benefits}}{\text{Participant Costs} + \text{Admin} + \text{Incentives}^*}$$

\*Incentives are a pass-through and offset the participant costs

The Regional Technical Forum (“RTF”) removed non-energy benefits from the savings assumptions as of version 4.0; however, the Company believes purchasers of energy efficiency manufactured homes continue to receive those non-energy benefits and experience greater comfort provided by those efficiency upgrades. These benefits cannot be quantified and therefore are not included in the TRC calculation.

The avoided costs with the 10 percent conservation adder represents the benefit value of an efficient manufactured home. The max benefit value of these homes ranges from \$1,323 to \$2,972. However, the incremental participant costs alone range from \$2,997 to \$4,960, which suggests that even if the incentives and administrative costs were zero, it is not possible for individual homes to be cost-effective from the TRC perspective without additional non-energy benefits. Table 1 below shows the Utility Cost Test (“UCT”) and TRC ratios both with and without administrative costs.

**Table 1. Non-Cost-Effective Measures:**

	Measure*	UCT Ratio	TRC Ratio	UCT Ratio (ex. Admin exp.)	TRC Ratio (ex. Admin exp.)
1.	ENERGY STAR Homes in HZ 1; CZ 3	0.77	0.37	1.20	0.44
2.	ENERGY STAR Homes in HZ 2; CZ 1	0.96	0.50	1.75	0.64
3.	ENERGY STAR Homes in HZ 2; CZ 2	0.96	0.50	1.76	0.64
4.	ENERGY STAR Homes in HZ 2; CZ 3	0.96	0.50	1.76	0.64
5.	ENERGY STAR Homes in HZ 3; CZ 1	1.08	0.60	2.22	0.81
6.	NEEM homes in HZ 1; CZ 3	0.87	0.29	1.50	0.33
7.	NEEM homes in HZ 2; CZ 1	1.06	0.39	2.14	0.48
8.	NEEM homes in HZ 2; CZ 2	1.06	0.39	2.14	0.48
9.	NEEM homes in HZ 2; CZ 3	1.06	0.39	2.15	0.48
10.	NEEM homes in HZ 3; CZ 1	1.18	0.48	2.70	0.60

\* cost-effectiveness calculated with RTF 5.0 savings and 2021 IRP avoided costs

Table 2 below summarizes the Oregon participation levels by measure from 2019 through 2022. In 2021, the Rebate Advantage savings represented less than 1% of the total savings in the Oregon DSM portfolio, and therefore has a minimal impact on the overall cost-effectiveness of the portfolio of Oregon DSM offerings.

**Table 2. Oregon Participation 2019-2022**

Measure	2019	2020	2021	2022
ENERGY STAR Homes in HZ 1; CZ 3		1	1	2
ENERGY STAR Homes in HZ 2; CZ 1		1		
ENERGY STAR Homes in HZ 2; CZ 2			2	1
ENERGY STAR Homes in HZ 2; CZ 3	5		1	1
ENERGY STAR Homes in HZ 3; CZ 1	1			
NEEM homes in HZ 1; CZ 3				1
NEEM homes in HZ 2; CZ 2				1

The state of Idaho had 84 participants as compared with Oregon’s 4 participants in 2021<sup>2</sup>. The Company anticipates continuing to offer Rebate Advantage in its Idaho service area as it has seen meaningful participation and the UCT (the primary cost-effectiveness test in the Company’s Idaho jurisdiction) has been consistently above 1.0 over the last several years. 1.13, 1.69, and 1.82 in 2021, 2020, and 2019 respectively. Using the 2022 program activity and expenses with the 2021 IRP avoided costs, the preliminary program UCT ratio is 0.88 and the TRC ratio is 0.42 for 2023.

**Cost-Effectiveness Exceptions Request**

The Company endeavors to maintain consistency in offerings across its service area and seeks the renewed exceptions to allow for its continuation of Rebate Advantage in both Idaho and Oregon.

For the reasons stated above, Idaho Power requests the measures outlined in Table 1 remain in the Rebate Advantage program offering as energy efficient manufactured homes provide non-quantifiable non-energy benefits to residents, and the inclusion of these measures provides consistency in the program offering across the Company’s service area and DSM programs in the region. This is consistent with Order No. 94-590, conditions A and C.

- A. *The measure produces significant non-quantifiable non-energy benefits;*
- C. *The measure is included for consistency with other DSM programs in the region.*

The Company will continue to look for opportunities to streamline administrative costs or other program changes to try and improve the UCT and TRC cost-effectiveness. Idaho Power hopes to increase the number of participants throughout its service area in 2023 to help improve the UCT ratio. The Company is requesting a one-year exception for the 10 measures to allow for continued evaluation of the viability of the program in the long-term.

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<sup>2</sup> Demand-Side Management 2021 Annual Report at Page 181. [Demand-Side Management 2021 Annual Report \(idahopower.com\)](http://idahopower.com)

### Additional Considerations Under Review

As part of the Inflation Reduction Act of 2022, Section 45L Tax Credit for Energy Efficient New Homes was updated and extended.<sup>3</sup> For certified manufactured homes meeting the most recent ENERGY STAR Manufactured New Home program requirements, a \$2,500 tax credit is available to the homebuilder. The inclusion of tax credits as a benefit in the TRC calculation, varies in jurisdictions across the country.<sup>4</sup> Table 3 below shows the TRC ratios of each measure with the tax credit. UCT is not impacted because the tax credit is considered a non-energy benefit.

**Table 3. Measure Cost-Effectiveness Incorporating Inflation Reduction Act Tax Credits**

	Measure*	UCT Ratio	TRC Ratio	UCT Ratio (ex. Admin exp.)	TRC Ratio (ex. Admin exp.)
1.	ENERGY STAR Homes in HZ 1; CZ 3	0.77	1.07	1.20	1.28
2.	ENERGY STAR Homes in HZ 2; CZ 1	0.96	1.16	1.75	1.48
3.	ENERGY STAR Homes in HZ 2; CZ 2	0.96	1.16	1.76	1.48
4.	ENERGY STAR Homes in HZ 2; CZ 3	0.96	1.16	1.76	1.48
5.	ENERGY STAR Homes in HZ 3; CZ 1	1.08	1.22	2.22	1.65
6.	NEEM homes in HZ 1; CZ 3	0.87	0.73	1.50	0.84
7.	NEEM homes in HZ 2; CZ 1	1.06	0.81	2.14	0.98
8.	NEEM homes in HZ 2; CZ 2	1.06	0.81	2.14	0.98
9.	NEEM homes in HZ 2; CZ 3	1.06	0.81	2.15	0.98
10.	NEEM homes in HZ 3; CZ 1	1.18	0.88	2.70	1.10

\* cost-effectiveness calculated with RTF 5.0 savings and 2021 IRP avoided costs

Prior to the next exceptions filing, the Company will continue to assess the appropriateness of incorporating the tax credits from the Inflation Reduction Act to evaluate TRC cost-effectiveness. All measures fail the TRC when the tax credits are not included, which is consistent with how the Company has calculated the TRC ratio for the Rebate Advantage Program measures in the past. The preliminary TRC of the Rebate Advantage Program is 1.04 with tax credits.

<sup>3</sup> [Tax Credits for Home Builders | ENERGY STAR](#)

<sup>4</sup> National Action Plan. Understanding Cost-Effectiveness of Energy Efficiency Programs at page 6-6. [Understanding Cost-Effectiveness of Energy Efficiency Programs: Best Practices, Technical Methods, and Emerging Issues for Policy-Makers \(epa.gov\)](#)

**Conclusion**

Idaho Power requests a temporary cost-effectiveness exception for the Rebate Advantage Program measures through March 31, 2024. The Company respectfully requests approval by March 31, 2023. If you have any questions regarding this filing, please contact Regulatory Analyst Zack Thompson at (208) 388-2892 or [zthompson@idahopower.com](mailto:zthompson@idahopower.com).

Sincerely,



Connie Aschenbrenner

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