



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

December 13, 2022



BY EMAIL

Idaho Power Company

dockets@idahopower.com

RE: Advice No. 22-05

At the public meeting on December 13, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1430. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**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

Docket No. ADV 1430
December 5, 2022
Page 5

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.

Docket No. ADV 1430

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 Load Control Events or to allow the Company to send a signal to automatically initiate a Load Control Event with the use of one or more Load Control Devices. 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, August, and September. (C)

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, availability of Program equipment, facility system configuration, or electric system configuration. (C)

To participate in the Program, a Customer must sign and return the Program Application/Agreement and worksheet provided by the Company specifying the Facility Site(s), the preferred Interruption Option, and the initial Nominated kW for each Facility Site 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 the Aggregated Option is requested, this should be specified on the Program Application/Agreement. 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/Agreement. Notification of Program Acceptance will include a listing of the Facility Sites that have been enrolled. (C)

PROGRAM DESCRIPTION

The Company will initiate Load Control Events for a maximum of 60 hours during June, July, August, and September. During Load Control Events, Participants will be expected to reduce load at their Facility Site(s), and load reduction may be initiated manually or automatically depending on the Interruption Option designated for the Facility Site(s). Participants will be eligible to receive a financial incentive in exchange for their reduction in load. (C)

DEFINITIONS

Actual kW Reduction. The kilowatt (kW) reduction during a Load Control 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. (C)

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 individual performance data from each enrolled Facility Site before calculating any incentive amounts.

SCHEDULE 76

FLEX PEAKPROGRAM

(OPTIONAL)

(Continued)

DEFINITIONS (Continued)

Business Days. Any day Monday through Friday, excluding holidays. For the purposes of this Program, Independence Day and Labor Day are the only holidays 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. (M)

"Day of" Load Adjustment. The difference between the Original Baseline kW and the actual metered kW during the hour prior to the Participant receiving notification of an event. Scalar values will be calculated by dividing the Original Baseline kW for each Load Control Event hour by the Baseline kW of the hour preceding the event notification time. The scalars are multiplied by the actual event day kW for the hour preceding the event notification time to create the Adjusted Baseline kW from which load reduction is measured. The Adjusted Baseline kW for each hour cannot exceed the maximum kW amount for any hour from the Highest Energy Use Days or the hours during the event day prior to event notification. (C)

Event Availability Time. Between 3:00 p.m. and 10:00 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.

Fixed Capacity Payment. The Weekly Effective kW Reduction multiplied by the Fixed Capacity Payment rate (as described in the Incentive Structure section). Participants are paid based on the average event kilowatt reduction.

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

Hours of Event. The timeframe when the Load Control 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. (C)

Load Control Device. Refers to any technology, device, or system utilized under the Program to enable the Company to initiate the Load Control Event. (N)

Load Control Event. Refers to an event under the Program where the Company requests or calls for interruption of specific loads either manually or with the use of one or more Load Control Devices. (N)

Nominated kW. The amount of load expressed in kW that a Facility Site commits to reduce during a Load Control Event. (C)

Nominated kW Incentive Adjustment. An adjustment made when a Facility Site does not achieve its Nominated kW for a given hour during a Load Control 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). (C)

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

DEFINITIONS (Continued)

Notification of Program Acceptance. Written confirmation from the Company to the Participant based on the Program Application Agreement submitted by the Customer. The Notification of Program Acceptance will confirm each Facility Site enrolled in the Program, the initial Nominated kW amount for each Facility Site, and the Interruption Option for each Facility Site. (M)

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

The following table provides an example of the calculation of the Original Baseline kW between hours of 3:00 p.m. and 10:00 p.m. using the (3) Highest Energy Usage Days of 5, 7, and 9.

Day	3-4 PM (kW)	4-5 PM (kW)	5-6 PM (kW)	6-7 PM (kW)	7-8 PM (kW)	8-9 PM (kW)	9-10PM (kW)	Sum Total (kW)
1	3000	3100	3000	3200	3000	3200	3150	21650
2	3200	3100	3200	3200	3100	3300	3300	22400
3	3100	3200	3100	3100	3200	3100	3200	22000
4	3250	3400	3300	3400	3300	3400	3200	23250
5	3300	3400	3300	3400	3400	3500	3400	23700
6	3100	3000	3200	3100	3100	3200	3300	22000
7	3400	3300	3400	3300	3400	3300	3200	23300
8	3300	3200	3300	3300	3300	3200	3100	22700
9	3400	3500	3350	3400	3500	3400	3350	23900
10	3250	3300	3300	3200	3200	3200	3300	22750
Original Baseline (kW)	3367	3400	3350	3367	3433	3400	3317	

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

Program Application/Agreement. Written form submitted by a Customer who requests to enroll a Facility Site in the Program that is signed by the Customer or a duly authorized representative certifying agreement with the Program's terms and conditions. (C)

Program Season. June 15th through September 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 Load Control Event beyond the first four Load Control Events. (C)

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

DEFINITIONS (Continued)

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

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

LOAD CONTROL EVENTS

The Company will dispatch Load Control Events on Business Days during the Program Season between the hours of 3:00 p.m. and 10:00 p.m. MDT. Load Control Events will last between two to four hours per day and will not exceed 16 hours per calendar week and 60 hours per Program Season. During each Program Season the Company will conduct a minimum of three Load Control Events. Participating Customers will receive advance notification on or about four hours prior to the Load Control Event. The Company will provide notice of a Load Control Event via the following communication technologies: telephone, text message, and e-mail to the designated contact(s) submitted by the Participant in the Program Application/Agreement. If prior notice of a pending Load Control Event has been sent, the Company may choose to revoke the Load Control Event initiation and will provide notice to Participants no less than 30 minutes prior to the Load Control Event. (C)
(C)
(C)
(C)

INTERRUPTION OPTIONS

At the Participant’s election, and subject to Company discretion, participation in the Program may occur via one of the following Interruption Options:

Manual Dispatch Option. Customers are eligible to manually control their Facility Site(s). Under the Manual Dispatch Option customers have the flexibility to choose which loads will be interrupted during each dispatched Load Control Event.

Automatic Dispatch Option. A dispatchable Load Control Device, provided and installed by the Company or its representative, will be connected to the electrical panel(s) serving the loads associated with the Facility Site(s) enrolled in the Program. The Load Control Device utilized under the Automatic Dispatch Option will provide the Company the ability to send a signal intended to interrupt operation of a particular load or service during dispatched Load Control Events. In lieu of the Company or its representative installing the Load Control Device at the Company’s expense, the Participant may elect to hire a licensed electrician, at the Participant’s expense, to install the Load Control Device in accordance with the National Electrical Code (“NEC”) and any Idaho Power or manufacturer specifications or requirements. (N)

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

REQUIREMENTS OF PARTICIPATING FACILITIES

Participants will have the flexibility to choose what equipment will be used to reduce the Nominated kW during each Load Control Event. Participants must notify the Company of their Nominated kW via the Program Application/Agreement. Once the Program Season begins, the Participant must submit the nomination change request form online (located at www.idahopower.com/flexpeak) via 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 minimum Load Control Event is called. After the third Load Control Event is called, the Nominated kW may still be raised or lowered, but may not exceed the highest Nominated kW prior to the third Load Control Event being called.

(M)

(C)

INCENTIVE STRUCTURE

Incentive payments will be determined based on a Fixed Capacity Payment, a Variable Energy Payment, and any applicable Nominated kW Incentive Adjustment. Both the Fixed Capacity and Variable Energy Payments will be paid by check or bill credit no more than 45 days after the Program Season concludes on September 15th.

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

<u>Fixed Capacity Payment Rate*</u> (*to be prorated for partial weeks)	<u>Variable Energy Payment Rate*</u> (*does not apply to first four Load Control Events)
\$3.25 per Weekly Effective kW Reduction	\$0.20 per kWh

(C)

Participants are expected to reduce their load by the Nominated kW during each hour of each Load Control 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 Load Control Event, a Nominated kW Incentive Adjustment will apply.

(C)

(C)

(M)

For Load Control Events, the Nominated kW Incentive Adjustment will be \$2.00 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. At its discretion, the Company may waive all or a portion of an Incentive Adjustment should it be determined that, at no fault of the customer, the Load Control Device utilized for the Automatic Dispatch Option did not work during a Load Control Event.

(C)

(C)

(C)

(D)

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

TERMS AND CONDITIONS

Upon acceptance into the Program, Participants agree to the provisions of this Schedule and to the following terms and conditions: (N)

1. Once accepted into the Program, Participants will automatically be re-enrolled each year thereafter unless notice of termination is given by the other party.
2. Both the Company and the Participant may terminate participation in the Program at any time by notifying the other party in writing.
3. 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. If Program participation is terminated, the Participant may not re-enroll the Facility Site(s) into the Program until the following calendar year.
4. The Company retains the sole right to determine the criteria under which a Load Control Event is called and the decision of whether to call for, initiate, or cancel a Load Control Event shall be at the Company's sole discretion.
5. 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, amount of capacity provided at a Facility Site, availability of Program equipment, facility system configuration, or electric system configuration.
6. Participants that choose to participate in the Program under the Automatic Dispatch Option grant the Company or its representative permission, on reasonable notice, to enter the Customer's enrolled Facility Site(s) to install, service, maintain, and/or remove Load Control Device(s) on the electrical panel that services the anticipated load reduction. The Company retains the sole right for its employees and its representatives to install or not install Load Control Devices on the Customer's electrical panel at the time of installation depending on, but not limited to, safety, reliability, or other issues that may not be in the best interest of the Company, its employees, or its representatives.
7. If there is evidence of the Participant altering, tampering, or otherwise interfering with the Company's ability to initiate a Load Control Event, the Customer's participation in the Program will be terminated, and the Customer will be required to reimburse the Company for all costs for replacement or repair of the Load Control Device(s) or other Program equipment, including labor and other related costs, and the Company will reverse any and all incentive payments made during the previous twelve months as a result of the Customer's participation in the Program. (N)

SCHEDULE 76
FLEX PEAK
PROGRAM
(OPTIONAL)
(Continued)

SPECIAL CONDITIONS

The Company is not responsible for any direct, indirect, consequential, incidental, punitive, or exemplary damage to the Participant or third parties as a result of the Program or the Customer's voluntary participation in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the Load Control Device(s) and any and all implied warranties are disclaimed.

The provisions of this Program do not apply for any time period that the Company requests a load reduction during a system emergency in accordance with NERC standards, Idaho Power's Rule J, or any other time that a Customer'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.

(N)
|
(N)