



# Oregon

Tina Kotek, Governor

**Public Utility Commission**

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April 2, 2024



BY EMAIL

Idaho Power Company

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RE: Advice No. 23-12

At the public meeting on April 2, 2024, the Commission adopted Staff's recommendation in this matter docketed as ADV 1543. 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: April 2, 2022**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** April 15, 2024

**DATE:** March 25, 2024

**TO:** Public Utility Commission

**FROM:** Eric Shierman

**THROUGH:** JB Batmale and Sarah Hall **SIGNED**

**SUBJECT:** IDAHO POWER COMPANY:  
(Docket No. ADV 1543/Advice No. 23-12)  
Update to Schedule 76 for commercial and industrial demand response  
Flex Peak Program.

**STAFF RECOMMENDATION:**

Approve Idaho Power Company's Advice No. 23-12.

**DISCUSSION:**

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Idaho Power Company's (Idaho Power or the Company) modifications to Schedule 76.

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.<sup>1</sup> 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

### *Background*

The Company's Schedule 76 Commercial and Industrial Flex Peak Program, launched in 2009, 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 tariff, Schedule 76 participants are expected to manually reduce their nominated load or have it reduced remotely by direct control from Idaho Power. Participants are notified four hours before each event and expected to adjust their nominated load for up to four hours during the DR event called by the Company, in return for earning a financial incentive. A customer who fails to meet the nominated load reduction during a Load Control Event is subject to a \$2 per kW charge.

Idaho Power is a regional leader in acquiring DR from customers. The Flex Peak Program reduced 32.9 MW of peak load in 2023.<sup>2</sup> This represents 13.7 percent of the 240.2 MW of peak load Idaho Power reduced from DR programs last year.<sup>3</sup> Together, the Company's portfolio of DR provides a low-cost capacity resource in the Preferred Portfolio of the 2023 Integrated Resource Plan. Idaho Power plans to procure an additional 160 MW of DR nameplate capacity.<sup>4</sup>

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<sup>1</sup> OAR 860-027-0310(2)(a)-(e).

<sup>2</sup> Idaho Power. *Demand-Side Management 2023 Annual Report* March 15, 2024, p 126.

<sup>3</sup> Flex Percentage ES.xlsx, cell C6.

<sup>4</sup> See Docket No. LC 84, Idaho Power, 2023 IRP, September 2023, Appendix C, p 42.

### *Summary of Proposed Changes*

The Company proposes four changes to Schedule 76, including:

1. Replacing the performance penalty with a tiered incentive,
2. Replacing the Performance Adjustment Waiver with a performance exception for device failure,
3. Creating a performance exception during system outages, and
4. Establishing advanced notification.

### *Tiered Incentive*

Idaho Power proposes to replace the Incentive Adjustment penalty with a Fixed Capacity Payment Rate. The new payment will have a tiered structure.

**Figure 1: New Payment Structure, Table 1 in Advice No. 23-12**

<i>Average Season Performance Percentage</i>	<i>Fixed Capacity Payment Rate per kW</i>
75% - 120%	\$3.25
50% - 74.99%	\$2.44
25% - 49.99%	\$1.63
Greater than 0% - 24.99%	\$0.81

The Company would then be paying for higher performance rather than penalizing poor performance with a \$2 per kW per hour downward adjustment. This will better align variation in incentives with performance.

The Company proposes these changes in order to increase participation. Oregon customers have been responsible for approximately 11 MW, or 28 percent, of this program's capacity.

### *Performance Waiver*

For customers participating in the Automatic Dispatch Option, where Idaho Power has direct control of the customer's load, the Company proposes to replace the Incentive Adjustment Waiver with a Performance Waiver when the Load Control Device fails. This aligns the preexisting waiver to the new tiered payment structure.

### *Accounting for Outages*

Idaho Power proposes to update the definition of the "Day of" Load Adjustment to include a contingency for when there is an outage during a load control event day. This will cover both planned and unplanned outages. This provision is intended to provide the Company flexibility to accurately calculate load reduction and customer incentives if a loss of load occurs.

*Advanced Notification*

For customers that can nominate 3 MW of load, Idaho Power proposes to add advanced notification beyond four hours. By offering this to large load customers, the Company believes it may incentivize current participants to nominate more load and/or incentivize non-program participants to enroll in the Flex Peak Program.

*Cost Effectiveness*

Based on estimated 2022 DR season costs of \$44 per kW per year and the \$51.425 cost-effectiveness threshold calculated in the Company's filing in Docket No. ADV 1355, Idaho Power believes the proposed changes will not impact the cost-effectiveness of this program. The maximum incentive amounts are not changing.

*Stakeholder Engagement*

Idaho Power presented the Tiered Fixed Capacity proposal at the August 17, 2023, Energy Efficiency Advisory Group ("EEAG") meeting. An EEAG member suggested applying the tiered methodology on a per event basis rather than using the average actual kW reduction. Prior to finalizing Advice No. 23-12, the Company evaluated this suggestion, found no material change, and did not implement it.

*Reason for Staff Recommendation*

Staff recommends the Commission approve Idaho Power's proposal, because these changes are reasonably expected to improve program participation in the Company's commercial and industrial DR program. Idaho Power has a proven track record for managing DR programs effectively. These changes reflect the Company's operational learnings from developing this demand-side capacity resource.

Conclusion

Staff recommends the Commission approve the Company's changes to Schedule 76, including replacing the performance penalty with a tiered incentive, replacing the Performance Adjustment Waiver with a performance exception for device failure, creating a performance exception during system outages, and establishing advanced notification. These changes are expected to build upon historical savings by incenting further participation while remaining cost-effective.

**PROPOSED COMMISSION MOTION:**

Approve Idaho Power Company's Advice No. 23-12.

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.

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.

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.

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.

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. In instances where a Facility Site's actual hourly usage exceeds the Adjusted Baseline kW, the hourly reduction will be treated as 0 kW. Actual kW Reduction cannot exceed 120% of Nominated kW per Load Control Event. (C)

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

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 PEAK  
PROGRAM  
(OPTIONAL)  
(Continued)

DEFINITIONS (Continued)

Average Actual kW Reduction. The average Actual kW Reduction for all Load Control Events in a Program Season.

(N)

Average Season Performance Percentage. The average of the Event Performance Percentages during the Program Season.

(N)

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.

“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 Original 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 Usage Days or the hours during the event day prior to event notification. The Company may adjust the Participant’s “Day of” Load Adjustment if a planned or unplanned outage occurs during the day of a Load Control Event.

(C)

(C) (N)

(N)

(N)

Event Availability Time. Between 3:00 p.m. and 10:00 p.m. Mountain Daylight Time (MDT) each Business Day.

Event Average Nomination. The average Nominated kW for a Participant during weeks Load Control Events are called.

(N)

Event Performance Percentage. The Actual kW Reduction divided by the Nominated kW for a Load Control Event.

(N)

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 Average Actual kW Reduction multiplied by the Fixed Capacity Payment Rate determined by the Average Season Performance Percentage (as described in the Incentive Structure section) and then multiplied by the number of weeks in a Program Season. *Average Actual kW Reduction x Fixed Capacity Payment Rate x Number of Weeks in a Program Season = Fixed Capacity Payment.*

(D)(N)

(N)

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.

SCHEDULE 76  
FLEX PEAK  
PROGRAM  
(OPTIONAL)  
(Continued)

DEFINITIONS (Continued)

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

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.

Nominated kW. The amount of load expressed in kW that a Facility Site commits to reduce for a Load Control Event. Customers can adjust their Nominated kW on a weekly basis. (C)  
(M) (N)

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.

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.

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
<b>Original Baseline (kW)</b>	3367	3400	3350	3367	3433	3400	3317	

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

Performance Waiver. The ability for the Company to remove a Participant's performance during a Load Control Event as to not affect the calculation of a Participant's Fixed Capacity Payment. (N)  
(N)



SCHEDULE 76  
FLEX PEAK  
PROGRAM  
(OPTIONAL)  
(Continued)

DEFINITIONS (Continued)

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.

(M)  
|  
(M)

Program Season. June 15<sup>th</sup> through September 15<sup>th</sup> 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.

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.

LOAD CONTROL EVENTS

(D)

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 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.

(D)

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.

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](http://www.idahopower.com/flexpeak)) via email by Monday at 10:00 a.m. MDT to notify of any changes in Nominated kW. The Nominated kW may be raised or lowered each week without restriction.

(C)  
(D)

INCENTIVE STRUCTURE

Incentive payments will be determined based on a Fixed Capacity Payment and a Variable Energy Payment. 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 15<sup>th</sup>.

(C)  
(D)

The Fixed Capacity Payment Rate will be determined by the Average Season Performance Percentage during the Program Season. For example, if a Participant's Average Season Performance Percentage is 65 percent, then their Fixed Capacity Payment Rate is \$2.44 per kW.

<u>Average Season Performance Percentage</u>	<u>Fixed Capacity Payment Rate per kW*</u> (*to be prorated for partial weeks)
75% - 120%	\$3.25
50% - 74.99%	\$2.44
25% - 49.99%	\$1.63
Greater than 0% - 24.99%	\$0.81

(N)  
|  
(N)

<u>Variable Energy Payment Rate*</u> (*does not apply to first four Load Control Events)
\$0.20 per kWh

(M)  
|  
(M)

At its discretion, the Company may apply a Performance Waiver should it be determined that, at no fault of the Participant, the Load Control Device utilized for the Automatic Dispatch Option did not work during a Load Control Event.

(N)  
|  
(N)

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:

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.

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.

Advance Notification Option. The Company reserves the right to use flexibility on the timing of event notification for eligible customers nominating 3 MW or more.

(N)  
(N)

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.