

ORDER NO. 26-101

ENTERED Apr 01 2026

**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.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 31, 2026, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



**Alison Lackey**

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.



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benefits exceed the costs in both of these tests, then the measure is considered cost-effective.

With Order No. 94-590 issued in Docket No. UM 551, the Commission provides for the inclusion of non-cost-effective measures in utility Demand-Side Management (DSM) programs if those measures meet specific conditions. The available conditions to qualify for an exception are as follows:

- 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;
- 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.

In Order No. 15-200 the Commission required Idaho Power Company (Idaho Power or the Company) to review its DSM programs annually for cost-effectiveness and file exception requests as appropriate.

### Analysis

#### *Background*

On September 27, 2025, Idaho Power Company filed its 2025 Integrated Resource Plan (IRP) with the Commission in LC 87. That IRP selected 79 megawatts (MW) of energy efficiency (EE) acquisition by 2030.<sup>1</sup>

Idaho Power's procurement of Consortium for Energy Efficiency (CEE) Tier 2 heat pumps and a variety of other heating and cooling measures under Schedule 72 were a part of that 79 MW of new EE. These measures have required Commission-approved exceptions in Oregon. On March 21, 2024, the Commission approved an exception for

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<sup>1</sup> See Docket No. LC 87, PUC, Order No. 25-503, December 9, 2025, Appendix A, p 4.

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CEE Tier 2 heat pumps through March 31, 2026.<sup>2</sup> The Company now seeks to continue this exception through March 31, 2027.

In its filing the Company states that under 2025 IRP avoided costs, the net present value of the Heat Pump CEE Tier 2 measure is expected to increase by 1.4 percent as compared to using 2023 IRP avoided costs. Additionally, Idaho Power expects publication of an updated Technical Resource Manual in early 2026, which the Company expects will result in increased cost-effectiveness of the Heat Pump CEE Tier 2 measure. A Tier 2 heat pump centrally governs a building's temperature at a middle range of performance, as ranked by CEE.

On October 31, 2023, the Commission approved an exception for all measures in the Company's Heating and Cooling Efficiency (HCE) Program through December 31, 2026.<sup>3</sup> The Company now seeks to continue this exception through March 31, 2028.

Idaho Power offers air-cooled heat pumps meeting CEE Tier 2 specifications under Schedule 89, Commercial and Industrial Energy Efficiency Program. The Company also offers a wide range of heating and cooling measures to residential customers through HCE under Schedule 72. These measures include:

- Ductless Heat Pump
- Electronically Commutated Motor / Blower Motor
- Evaporative Cooler
- Ground Source Heat Pump
- Heat Pump Conversion
- Heat Pump Water Heater
- High Efficiency Air Conditioner. SEER  $\geq$  15
- High Efficiency Air Conditioner. SEER  $\geq$  17
- Open Loop HP
- Prescriptive Duct Sealing - Single Family
- Smart Thermostat
- Whole House Fan

Idaho Power filed the current exception request on January 30, 2026, seeking an exception for both programs under two authorized criteria in Order No. 94-590:

1. The measure produces significant non-quantifiable non-energy benefits.
2. The measure is included for consistency with other DSM programs in the region.

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<sup>2</sup> See Docket No. UM 1710, PUC, Order No. 24-075, March 21, 2024, p 1.

<sup>3</sup> Docket No. ADV 1541, PUC, Advice Letter, October 31, 2023, p 1.

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Approval of this request would cover CEE Tier 2 heat pumps through March 31, 2027 and the HCE through March 31, 2028.

The evidence the Company provides for the first criterion is to assert these measures bring increased comfort, bill savings, and carbon emission reductions. Staff observes all three of these benefits are quantifiable. In the future, the Company should add these benefits to the appropriate cost test. For example, bill savings are a component of the program participant benefits in a Total Resource Cost test.

For the second criterion of promoting consistency with other DSM programs in the region, the Company states that the measure is offered in its Idaho jurisdiction. Staff agrees this meets the second criterion.

Staff recommends the Commission approve this exception for consistency with other DSM programs in the region. In this instance, Idaho Power seeks to provide program access across two state jurisdictions with as much homogeneity as possible. In the Company's Idaho jurisdiction, cost-effectiveness is determined only by the Utility Cost Test. Upholding the same standard for the Company's Oregon service territory helps Idaho Power manage this measure more consistently.

### Conclusion

Staff supports approval of the Company's request for cost-effectiveness exceptions for CEE Tier 2 heat pumps and all measures in Idaho Power's HCE program. Staff finds one of the Company's justifications valid, that offering this incentive to Oregon customers maintains regional consistency. Staff is less persuaded by the other criterion, as it observes that non-energy benefits can be quantified. However, meeting one criterion is sufficient for the cost-effectiveness exception.

### **PROPOSED COMMISSION MOTION:**

Approve continued exceptions to cost-effectiveness requirements for air-cooled heat pumps meeting the Consortium for Energy Efficiency Tier 2 specifications under Schedule 89, Commercial and Industrial Energy Efficiency Program, and Schedule 72, Heating and Cooling Efficiency Program.

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