



## Idaho Public Utilities Commission

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Paul Kjellander, Commissioner

Mack A. Redford, Commissioner

Kristine Raper, Commissioner

*Case No. IPC-E-15-03, Order No. 33292*

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# Commission OKs Idaho Power proposal to operate its own demand response program

**BOISE (May 13, 2015)** – State regulators have agreed to allow Idaho Power Company to operate its own energy demand reduction program for its large commercial and industrial customers.

Idaho Power maintains it can operate a program at less cost and with better or equal results than has the third-party vendor that has been operating the program since 2009. The “Flex Peak” program, previously operated by EnerNoc Inc., provided financial incentive to large commercial and industrial customers to curtail their energy use during peak-use hours of the summer months.

The Idaho Public Utilities Commission granted Idaho Power authority to operate its own program beginning this summer. “The commission strongly supports the use of commercial and industrial demand-response programs,” the commission said. “And while EnerNoc’s program was robust and cost-effective, customers will benefit if the company (Idaho Power) can deliver similarly reliable demand response at the same or less cost.”

Now is a good time to let Idaho Power try its own program since the utility is not anticipating capacity deficits for the next few years, the commission said.

Under Idaho Power’s program, the utility will call at least three “dispatch events” between June 15 and August 15, notifying volunteer customers on or about two hours in advance that they will need to reduce or curtail their energy use. The dispatch events will be during peak-use hours when demand on Idaho Power’s system is the greatest. Those hours are typically between 2 p.m. and 8 p.m. on weekdays, excluding holidays. Each dispatch event will last between two and four hours, but no more than 15 hours per week or 60 hours per summer season. Idaho Power proposes to provide incentive payments to customers who agree to participate.

The utility says operating Flex Peak internally will cost from \$1.1 million up to \$1.4 million if the entire 35 megawatts of potential savings were dispatched for the maximum allowed 60 hours. Costs under the EnerNoc program were about \$2 million.

Idaho Power said savings from internal operation of Flex Peak will be passed directly to customers. Further, all customers benefit when Idaho Power does not have to buy or generate as much power from other more costly sources during peak-use hours when power is the most expensive.

The commission noted the concerns expressed by commission staff, the Industrial Customers of Idaho Power and the Idaho Conservation League about Idaho Power operating its own program. Consequently, it directed Idaho Power to file a report within one year detailing its experience running the program, cost-and-benefit comparisons to those achieved under EnerNoc, participant performance and any proposed changes to further improve the program. The company will also file an annual end-of-season report that will specify, among other items, number of participants, number of megawatts of demand response achieved and a detailed cost analysis.

Idaho Power also offers demand-response programs to residential and irrigation customers. According to Idaho Power, the cost of operating all its demand response programs in 2014 was \$10.6 million, but the value accrued to the company and its customers as a result of the reduced demand was \$16.7 million. Idaho Power plans at least 390 MWs of demand reduction from all its programs during 2015.

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