



Idaho Public Utilities Commission

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Paul Kjellander, Commissioner
Mack A. Redford, Commissioner
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Case No. IPC-E-15-06, Order No. 33365

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Commission OKs Idaho Power efficiency program expense

BOISE (August 31, 2015) – The Idaho Public Utilities Commission has determined that Idaho Power Company’s \$33.5 million investment in energy efficiency and demand-response programs during 2014 was prudently incurred. The determination does not impact rates.

The efficiency programs are funded through a 4 percent Energy Efficiency Rider that appears on customer bills. The demand-response programs are included in the annual Power Cost Adjustment (PCA), listed on bills as the Annual Adjustment Mechanism.

Idaho Power’s energy savings rebounded significantly in 2014, surpassing 2013 numbers by 33 percent, more than exceeding the company’s target. Idaho Power offers 18 energy efficiency programs and three demand reduction programs. (An energy-efficiency program is one in which less energy is used to perform the same function. A demand-reduction program is one that shifts consumption to non-peak times of the day, reducing demand on a utility’s generation system.)

About \$25.5 million of the total \$33.5 million investment is related to energy efficiency and is recovered through the 4 percent rider. The remaining \$8 million includes demand reduction incentive payments to program participants and is recovered through the PCA.

Energy efficiency programs resulted in 118,670 megawatt-hours of savings. That doesn’t include savings realized from Idaho Power’s participation in the Northwest Energy Efficiency Alliance’s market transformation initiatives. That resulted in another 20,000 MWh saved in Idaho Power’s service territory.

The company rolled out several new programs in 2014 including a Home Energy Audits marketing and education program and the distribution of residential clothes lines. It also expanded its successful Shade Tree program. Other energy efficiency programs include offering rebates to customers for using heating and cooling efficiencies and energy-efficient lighting and appliances.

Demand reduction programs provide financial incentives to residential air conditioning, large commercial and industrial customers and irrigators to shift or curtail consumption to off-peak periods. These programs reduced demand by 378 megawatts, saving customers about \$6.5 million. All the programs must pass cost-effectiveness tests to ensure that their cost does not exceed the benefit to customers.

In other issues related to the case:

- The Industrial Customers of Idaho Power expressed concern about a \$9.8 million surplus in the Energy Efficiency Rider account that could grow to \$15 million by the end of this year. The Snake River Alliance argued that reducing the 4 percent rider now as a response to the surplus would be premature because room exists to improve and expand existing DSM programs. The commission declined to reduce the rider at this time, but asked that all parties continue to monitor and rider balance and apprise it of positive or negative trends. The funds in the rider account cannot be used for any other purpose than expense related to energy efficiency and demand-side reduction.
- The commission encouraged Idaho Power to ensure that documentation requirements for customers who sign up for the programs not become so burdensome that they discourage participation.
- Both commission staff and the Idaho Conservation League said Idaho Power should be counting the including reduced transmission and distribution investment when it calculates the benefits of its DSM program. Idaho Power claims its investigation into that issue is ongoing.
- Commission staff commended the company for improving its DSM marketing efforts through television, radio, Facebook and Pandora advertising and other means. Staff said Idaho Power should further improve its marketing by creating a branded campaign similar to those offered by Avista and Rocky Mountain Power. However, the commission said Idaho Power exceeded its targets and, therefore, did not direct the company to incur additional marketing costs.

Electric utilities are required to file an annual report of their energy efficiency and demand-response programs. Idaho Power's report is available on the commission Website. Click on "Open Cases" under the "Electric" heading, scroll down to Case Number IPC-E-15-06 and click on "2014 DSM Annual Report."

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