



Case No. IPC-E-16-03, Order No. 33583

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## Commission OKs Idaho Power efficiency programs, but asks company to review 4 percent rider

**BOISE (Sept. 19, 2016)** – State regulators have approved the \$35.2 million spent by Idaho Power Company on energy efficiency and demand-response programs during 2015 as prudently incurred.

The purpose of the Idaho Public Utilities Commission's annual review is to ensure the programs are cost-effective, meaning customers would be paying more for energy without the programs in place. The commission's declaration that the \$35.2 expended during 2015 was prudently incurred does not impact customer rates.

However, the commission is asking Idaho Power to submit a proposal by year's end that could revise downward the 4 percent Energy Efficiency Rider currently assessed customers to pay for a number of the efficiency programs. According to a commission staff analysis, Idaho Power has collected, on average, about \$13.5 million more each year than it spends on efficiency programs. The proposal will help determine how the surplus funds should be used.

The commission is also asking Idaho Power to work with commission staff and Idaho Power's Energy Efficiency Advisory Group to consider offering more programs for residential and small-business customers and look at what is being offered by utilities in neighboring states.

Idaho Power offers 19 efficiency programs funded by the 4 percent Energy Efficiency Rider. It also offers three demand-response programs that are included in the annual Power Cost Adjustment (PCA), which is part of the Annual Adjustment Mechanism listed on customer bills.

*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. The company claims these programs increased annual energy savings by 18 percent.

About \$28.5 million of the total \$35.2 million investment during 2015 was related to energy efficiency. The remaining \$6.7 million was spent on demand-reduction and included incentive payments to customer who volunteered to shift their consumption to non-peak times of the day.

Energy efficiency programs resulted in 162,533 megawatt-hours of savings, which includes 21,900 MWh from Idaho Power's participation in market transformation initiatives offered through the Northwest Energy Efficiency Alliance. Some of Idaho Power's energy efficiency programs include offering customer rebates for increased use of heating and cooling efficiencies and energy efficient lighting and appliances as wells as creating efficiencies in commercial and industrial buildings.

The largest amount of energy efficiency savings came from the commercial/industrial sector (102,074 MWh), followed by the residential sector (24,532 MWh), followed by the irrigation sector (14,027 MWh).

Demand reduction programs that provided financial incentives to residential air conditioning customers, large commercial and industrial customers and irrigators to shift or curtail consumption to off-peak periods reduced demand on Idaho Power's system by 376 megawatts, saving customers about \$1.6 million.

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