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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) **CASE NO. IPC-E-15-03**
COMPANY'S APPLICATION FOR)
APPROVAL OF NEW TARIFF) COMMENTS OF THE INDUSTRIAL
SCHEDULE 82, A COMMERCIAL AND) CUSTOMERS OF IDAHO POWER
INDUSTRIAL DEMAND RESPONSE)
PROGRAM (FLEXPEAK PROGRAM))
_____)

COMES NOW, the Industrial Customers of Idaho Power ("ICIP") pursuant to that Notice Application and Notice of Modified Procedure issued by the Idaho Public Utilities Commission ("Commission") on March 4, 2015, and hereby provides the following comments on Idaho Power Company's ("Idaho Power" or the "Company") proposed Tariff Schedule 82. On February 4, 2015, Idaho Power filed its Application with the Commission seeking approval of proposed Tariff Schedule 82 Flex Peak Program ("FPP"), as a replacement for the EnerNOC administered FlexPeak Management Program ("FMP").

Like the FMP, Idaho Power's proposed FPP will be a voluntary demand response program for commercial and industrial ("C&I") customers who are willing to reduce their electric loads for a short time on peak days in the summer. However, Idaho Power's FPP will be

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managed internally rather than through a contract with a third-party provider as has been done since the inception of the program six years ago.

ICIP SUPPORT

In the past, the ICIP has been critical of the lack of transparency regarding the relationship between the third-party provider (EnerNOC) and the C&I customer. The ICIP was also concerned with the possible disparate treatment of participants in the program in that each individual customer negotiated its own 'deal' and there was no guarantee of uniformity and non-discriminatory treatment among the participants. The Company's application addresses and resolves those concerns. Managing the proposed FPP through a filed tariff that details the mechanics of the program and pre-sets the payments to participants certainly provides transparency and helps insure all customers know the parameters of the program and are being treated equally.

COMMENTS

The ICIP offers these comments in order to aid the Company in designing and implementing a C&I demand reduction program that is cost effective and attractive to those C&I customers who choose to participate.

The Company is planning to pay between \$29.25 and \$36.93 per kW/yr to participants.¹ The low end of the range, \$29.25 will be the amount for the three required events when no variable payments would be made.² The upper end of the range would only occur if there were more than three events. These payments are slightly higher than the payments under the FMP offered by EnerNOC and they should therefore be sufficient to attract participation in the new

¹ Staff's First Production Request, Response No. 1, p. 2.

² The season is 9 weeks times \$3.25 equals \$29.25.

FPP program administered by Idaho Power. However, it should be noted that the exact payment made by EnerNOC to any individual participant is not known. It is therefore possible that the payment offered by Idaho Power could be less than the amount paid by EnerNOC. There is thus a risk that some existing participants could be discouraged from participating in light of possibly lower incentive payments under the new program. There is also the possibility that some participants will be paid more for their participation. We will only know if these possibilities are offsetting after Idaho Power has had some history with operating the new program.

The Company explains that the risk of not attaining the actual nominated kW reduction is mitigated by the fact that there is a reduction in payments to participants who do not achieve their target reduction. Company witness Quentin Nesbitt states in his direct testimony:

Q. How does this compare with the risk that exists under a third-party aggregator model?

A. The risk is the same; however, from the utility's perspective, under a third-party administrator model, the downward financial adjustment is made to the third party rather than directly to the participant, as will be the case with the Company-managed program. In either case, the utility and its customers are protected financially from the risk of actual load reduction differing from nominated levels.

And,

Q. How will the Company ensure that it is not paying for load reduction that was not achieved?

A. The incentive calculations proposed in Schedule 82 ensure that a participant is only paid for demand reduction achieved based on actual meter data. If a participant does not meet its Nominated kW during a given hour within a Program event, the participant will be subject to a Nominated kW Incentive Adjustment, which reduces the amount of incentive payments that can be received, but in no event would result in the participant owing money to the Company.³

³ Direct Testimony of Quentin Nesbitt, IPC-E-15-03, pgs. 8, 9.

The ICIP agrees with the Company that participants should not end up owing Idaho Power money for not meeting the nominated level of kW reduction, and agrees that participants should only receive payments for a fairly calculated amount of demand reduction.

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This is a fair way of calculating a participant's performance and the ICIP urges Idaho Power to continue this practice going forward with its new FPP. The method proposed by Idaho Power may tend to discourage participation.

In order to determine whether a customer has achieved its nominated kW reduction there must be a yardstick against which to measure actual reductions. Understanding that customer usage can be dynamic over time, it is important to accommodate the fact that a yardstick that is not flexible will be less accurate than one that accommodates the dynamism inherent in each customer's unique load. Idaho Power proposes a relatively rigid yardstick when compared to the yardstick used by EnerNOC in the old FMP. Both programs' initial determination of the yardstick (called the "baseline) is

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preferred because it is not uncommon for food processing plants to be down for an entire week in the mid-summer in between crop seasons. In addition, the old EnerNOC program achieved more granularity in its baseline calculation

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Idaho Power is not going to offer to provide real time data to participants in its new FPP. Certainly this is one area of savings as compared to the program offered by EnerNOC. However, real time data is a tool that is useful to some participants in the program. The ICIP urges the

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Company to consider offering real time data to those participants who request it. Just offering pulse data may not be sufficient for customers who do not have the capability of reading that data. The lack of real time data could create a disincentive to robust participation in the program.

The ICIP appreciates some of the changes in the administration of the new program. For example, making payments thirty days after the end of the Season is one such change that provides an incentive for more participation. In addition, continuing to allow aggregation of multiple sites owned by the same customer is a valued feature of both programs. On the other hand, the lack of active coaching may prove to be problematic for smaller C&I customers, we will want to monitor the mix of participants as we move forward to insure that more than just the sophisticated large customers are able to meaningfully participate.

Some of the ICIP members expressed concern regarding Idaho Power calling an event and then subsequently cancelling the event just before the event is to start. These members observed that it can take as much as two hours to prepare for the start of an event and another hour to two to get back to 'normal' after the event. Thus, we suggest that if an event is canceled within two hours of the scheduled start time that the incentive payment is made for the first hour of that event.

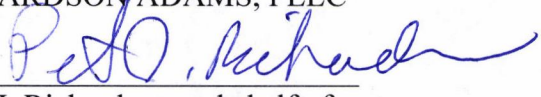
CONCLUSION

The ICIP recommends the Commission approve Idaho Power's application in this docket with the changes noted herein.

RESPECTFULLY SUBMITTED this 8th day of April 2015.

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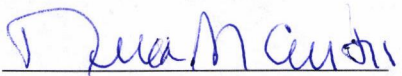
RICHARDSON ADAMS, PLLC

By 
Peter J. Richardson on behalf of
the Industrial Customers of Idaho Power

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of April 2015, copies of the foregoing Comments of the Industrial Customers of Idaho Power were hand delivered to:

Lisa Nordstrom
Idaho Power Company
1221 West Idaho
Boise, Idaho 83702


Nina Curtis
Administrative Assistant