



Idaho Public Utilities Commission

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Case No. IPC-E-15-03, Order No. 33242
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Idaho Power proposes demand response program for its commercial, industrial customers

BOISE (March 26, 2015) – Idaho Power is seeking approval to internally operate an energy demand reduction program for its commercial and industrial customers.

Since 2009, Idaho Power has contracted with a third-party, EnerNoc Inc., to operate its “Flex Peak” program under which larger industrial and commercial customers volunteer to curtail their energy use during peak-use hours of the summer months.

In an application now before the Idaho Public Utilities Commission, Idaho Power says it would save costs by operating Flex Peak itself and the program’s operation and results would be more transparent.

The commission is taking public comment through April 8 on the application and the utility will submit its reply comments by April 15. Idaho Power is seeking approval for the program by May 1 so the company can solicit participants and implement it by June 15.

Under Idaho Power’s proposal, the utility would call at least three “dispatch events” between June 15 and August 15, notifying volunteer customers at least 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.

Idaho Power does not propose a change to customer rates associated with the program. 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.

The incentives paid to participating customers will be recovered in base rates. About \$2 million in base rates is allocated for commercial and industrial demand response programs. Idaho Power anticipates incentive payments will range from \$900,000 to \$1.27 million. Previous costs to the program under the EnerNoc program were about \$2 million, according to Idaho Power.

The utility proposes that savings from internal operation of Flex Peak be passed directly to customers. Non-participants also benefit from the increased transparency of an internally managed program, Idaho Power claims. 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 company proposes that the deviation between actual demand response incentive payments and forecasted program costs be included in the annual Power Cost Adjustment, which is a rate credit or surcharge to customers effective June 1. Labor associated with administration of the program is recovered from the Energy Efficiency Rider already included in customer bills.

Idaho Power also offers demand-response programs to residential customers 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.

Comments will be accepted through April 8 via e-mail by accessing the commission's website at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Consumers" heading. Fill in the case number (IPC-E-15-03) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

Idaho Power's application and supporting testimony can also be found on the website by clicking on "Open Cases" under the "Electric" heading and scrolling down to the case number above.

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