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IDAHO PUBLIC  
UTILITIES COMMISSION

*Attorney for Intervenor Idaho Irrigation Pumpers Association, Inc.*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER  
COMPANY'S APPLICATION FOR  
APPROVAL TO MODIFY ITS DEMAND  
RESPONSE PROGRAMS**

**CASE NO. IPC-E-21-32**

**IDAHO IRRIGATION PUMPERS  
ASSOCIATION, INC.'S COMMENTS  
RE: IDAHO POWER'S  
APPLICATION**

COMES NOW the Idaho Irrigation Pumpers Association, Inc. ("IIPA") and pursuant to Commission's Order No. 35266 and provides its comments in response to Idaho Power Company's ("Idaho Power") Application for Approval to Modify Its Demand Response Programs.

IIPA supports Idaho Power's application to modify its existing demand response programs. IIPA has reviewed Idaho Power's application and testimony, participated in multiple technical workshops, and submitted and reviewed discovery. IIPA has held informal discussions with Idaho Power and current and potential Irrigation Peak Rewards Program customers to identify and resolve potential issues with Idaho Power's application.

IIPA finds that the proposed modifications to the Irrigation Peak Rewards Program will improve the value of the program to Idaho Power's system. While the proposed modifications will increase the burden of the program on participants, this burden appears to be appropriately offset by increased incentive payments, and is warranted given the evolving nature of Idaho Power's system demand needs.

The modified Irrigation Peak Rewards Program burdens participants by:

1. Shifting the time of curtailment later into the night;
2. Increasing the weekly limit to curtailed hours;
3. Extending the season of curtailments; and
4. Removing the variable incentive payment for the fourth curtailment of the season.

The most substantive change from IIPA's perspective is the shift in the time of curtailments. Idaho Power proposes to shift the focus of the program design to account for the impact of growing solar generation on Idaho Power's system. The growth of solar has shifted the optimal value for irrigation curtailment later into the evening. Idaho Power proposes shifting the curtailment window two hours later in the day. The program currently curtails customers between 1 pm and 9 pm. Idaho Power proposes a new curtailment window of 3 pm to 11 pm.

Many current program participants face technical and labor challenges associated with late-day curtailments due to issues associated with restarting their irrigation systems. IIPA discussed these difficulties with Idaho Power and understands that Idaho Power works proactively to minimize the negative impacts of late day curtailments on customers. Some IIPA members will likely reduce participation in the demand response program. However, IIPA expects that the modified program will continue to have material participation rates from existing participants.

The remaining modifications to the Peak Rewards Program do not raise any material concerns for IIPA.

Idaho Power's application includes increased fixed and variable incentive payments. IIPA finds that the revised incentive payment is sufficient to attract program participants while still being substantially lower than the avoided cost of the program. Idaho Power estimates the avoided cost of DR capacity to be \$51.42 per kW per year.<sup>1</sup>

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<sup>1</sup> Direct Testimony of Quintin Nesbit page 32.

The table below summarizes the expected cost of the Irrigation Peak Rewards Program under the proposed incentive payment, assuming curtailments consistent with 2018 through 2021:<sup>2</sup>

Administration, Labor & Marketing w/ Device Maint.			<b>Approx Max Realiz Rate</b>	\$ 235,000
Fixed Incentive \$/kW/season Less Opt Out Fee			0.72	\$ 24.0
Variable Incentive \$/kW/season		<b>New Nomination kW=</b>	345,404	\$ 1.02
Existing Device Numbers	1,730	<b>New Total Capacity kW =</b>	248,000	
Program Reduction %	25%			
Added Devices & Demand Reduction	130	120	11,201	
Added Devices & Installation Cost		\$ 566.00		\$ 73,580
Change to Maintenance Costs				\$ (23,660)
Added Advertising and Admin Costs				\$ 10,000
Fixed Incentive Cost				\$ 7,467,978
Expected Variable Incentive Cost				\$ 315,837
Total Costs without Variable				\$ 7,762,898
Total Costs without Variable \$/kW/Yr				\$ 31.30
Total Costs w/ Variable Total Program Cost \$				\$ 8,078,735
Total Costs w/ Variable Cost \$/kW/yr				\$ 32.58

The avoided cost of this program under Idaho Power's assumptions is \$51.42 per kW. The expected cost of the program is \$32.58. The difference between avoided cost and expected cost, \$18.84, represents the levelized benefit of this program for rate payers. While IIPA believes that a higher incentive payment can be justified, IIPA is willing to support the proposed incentive structure on a provisional basis pending review of the impact of the proposed changes on program participation rates. At the proposed incentive rates the program is cost effective.

Idaho Power intends to open enrollment in the Irrigation Peak Rewards Program. IIPA supports this decision. The Irrigation Peak Rewards Program is a cost effective, sustainable, and low risk solution for meeting Idaho Power's peak energy needs. Idaho Power's IRP demonstrates on-going capacity needs that can be met through expansion of the Peak Rewards Program. The expected cost of this program is substantially below the cost of an equivalent simple cycle combustion turbine after accounting for other economic benefits. The demand response program presents significantly less environmental risk than a gas turbine because it is a non-emitting

<sup>2</sup> Calculated from data provided in Idaho Power response to IIPA DR 9 and the Idaho Power January 31, 2022 Technical Workshop.

resource and will be unlikely to be exposed to future state or federal regulation. It presents less financial risk because it does not involve large up-front capital expenditures.

Idaho Power has agreed to continue to collaborate with IIPA on an informal basis to continue evaluating and improving the Irrigation Peak Rewards Program. IIPA believes that continued development of the peak rewards program could lead to overall growth in the size of the program and ultimately greater value for Idaho Power customers. IIPA recommends the commission approve Idaho Power's application as filed.

DATED this 9<sup>th</sup> day of February, 2022.

ECHO HAWK & OLSEN



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ERIC L. OLSEN

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFIY that on this 9<sup>th</sup> day of February, 2022, I served a true, correct and complete copy of the Petition of Idaho Irrigation Pumpers Association, Inc. for Leave to Intervene to each of the following, via U.S. Mail or private courier, email or hand delivery, as indicated below:

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