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IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**In the Matter of Idaho Power Company  
Time-of-Use (TOU) Study**

Case No, IPC-E-02-12

These comments are submitted in general support of the **NW Energy Coalition** comments with several amendments and caveats which suggest that there is no single answer to meeting our energy and peak energy demands, but that Demand-Side Management (DSM) that includes both load shifting, as well as elimination of waste (conservation), insightful load management (for appropriate end-use applications where gains are not outweighed by losses), and strategic pricing signals are all various tools in the overall DSM toolkit. The other extremely critical issue for TOU rates is the target market segment for TOU application.

**Time-of-Use Rates are best suited to Medium and Large Commercial and Industrial Customer Application**

Many electric utilities have forwarded studies, or have tried pilot programs, which attempt to apply Time-of-Use rates to the residential customer group. This is intrinsically the wrong target market for TOU applications and is unlikely to enjoy the economies of scale necessary to outweigh the necessity of personal convenience for the average customer. Some enlightened residential customers may be able to schedule their washing machine for off-peak operation—and that is laudable—however, it is unlikely that sufficient numbers can easily be marshaled to provide the magnitude of benefit necessary to impact utility-scale needs. Commercial and

industrial customers are a different matter altogether and represent the most fertile application of Time-of-Use rates. Small commercial customers less than 25 kW (for 15-minute average high demand read per month) may not have sufficient threshold end-use loads to make TOU rates an appropriate application, in the same way TOU does not apply well to residential applications.

TOU rates are a part of the overall DSM solution matrix, but TOU rates do not replace efficiency programs. Rather, commercial and industrial Time-of-Use rates work in conjunction with efficiency improvements, Load Management, and Load Shedding strategies to provide an integrated portfolio of DSM load shaping tools.

If high On-Peak Demand and Energy charges promote load shifting, then they simultaneously promote energy efficiency improvements which would lower on-peak demand and on-peak energy use. However, not all customer end-use activities that consume on-peak energy (and help create the aggregated on-peak load constrained condition) are most conducive to efficiency improvements alone. Depending on the specifics of each situation, perhaps load shifting is the most feasible and cost/resource effective in one situation, while efficiency improvements, or even radical process changes represent the answer that yields the greatest overall benefit in other situations. Each specific situation in the customer-driven arena must be evaluated with an open mind toward the best and most feasible solution. Thus, Time-of-Use rates and efficiency options should be only two of the many tools in the DSM repertoire. Other tools or strategies would include Load Management, and Load Shedding programs for situations where these lend value to an overall demand management plan as part of an Integrated Resource Portfolio.

## **Critical Period Pricing (CPP) Does Not Provide Lasting Value**

Energy buy-back programs tend to manifest themselves as wealth redistribution schemes that often proven to have undesirable economic ripple effects in small and/or agricultural communities. Further, there is no lasting DSM value with CPP other than the momentary value of idled equipment and energy not immediately consumed. The funds used to “buy-back” energy (or idle equipment) do nothing to improve our future energy situation. The money is doled out to the few prime participants who literally get ‘money-for-nothing’ while the mass-market (of residential and small commercial) customers are asked to shoulder the burden of the buy-back plus administration costs in the next year’s annual PCA (Power Cost Adjustment) proceeding. CPP is truly is a fiscal black hole approach to DSM that seeks to never improve or solve our energy situation at the highest ongoing cost the market can bear.

## **Recommendation**

I recommend that this Commission:

1. Order Idaho Power to begin formulating Time-of-Use rate designs for application to various commercial and industrial customer size groups, such as; 26 kW up to 49 kW demand; 50 kW up to 499 kW demand; 500 kW up to 1MW demand; and > 1 MW demand customers. Note that small commercial (< 25kW demand) and residential customers should be exempted from TOU rate participation.
2. Order Idaho Power to formulate TOU demand and energy rates in a revenue neutral fashion to the utility, in order to provide appropriate customer price signals, which simultaneously promotes both improved energy efficiency options, and/or load shifting, load management, or load shedding techniques.

3. Order Idaho Power Company to integrate TOU and other rate design options into, and with, an overall Demand Side Management strategy designed to accrue and quantify utility-scale benefits for inclusion in an Integrated Resource Plan portfolio of solutions, and in the next General Rate Case proceedings, rumored to commence in the fall of 2003.

I do not think it is necessary for the Commission to wait until another study is completed to order Idaho Power to formulate TOU rates for application to medium up to very large commercial and industrial customers. Waiting unnecessarily is what has gotten us to this point and while I am not an advocate of rushing to judgment, I believe this situation is already sufficiently revealed that we can proceed in the correct application of TOU rates for commercial, industrial, and perhaps irrigation customers groups with little fear of have erred.

I hope the Commission will find these comments to be pragmatic and useful; and that in total, these comments lend a perspective that provides value to all ratepayers of Idaho Power Company.