

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION FOR) **CASE NO. IPC-E-09-02**
APPROVAL OF ITS AGREEMENT WITH)
ENERNOC TO IMPLEMENT AND)
OPERATE A VOLUNTARY COMMERCIAL) **ORDER NO. 31098**
DEMAND RESPONSE PROGRAM)
)

On March 2, 2009, Idaho Power Company ("Idaho Power" or "Company") filed an Application with the Commission seeking approval of an Agreement with EnerNOC ("EnerNOC") to implement a voluntary demand response program for its commercial and industrial customers ("Program").

On May 15, 2009, the Commission approved the Agreement between Idaho Power and EnerNOC. *See* Order No. 30805.

On February 26, 2010, the Company filed a Petition requesting the Commission approve an Amendment to the February 23, 2009, Agreement between Idaho Power and EnerNOC.

THE PETITION

In Order No. 30805, the Commission approved the EnerNOC Agreement and authorized the Company to implement the voluntary demand response program for its commercial industrial customers.

In the Petition, the demand response program is referred to as the "FlexPeak Management Program." It is a voluntary program targeted to Idaho Power's industrial and large commercial customers that are capable of reducing their electrical energy loads for short periods during summer peak days. The objective of the program is to reduce the demand on Idaho Power's system during peak times through customers' voluntary electrical use reduction. Under the terms of the Agreement, EnerNOC is responsible for developing and implementing all marketing plans, securing all participants, installing and maintaining all equipment behind Idaho Power's meter to reduce demand, tracking participation, and reporting results to Idaho Power. Idaho Power initiates demand response events by notifying EnerNOC, who then supplies the requested load reduction to the Idaho Power system.

In this Petition, the Company requested four amendments to the original language of the Agreement with EnerNOC. The proposed amendments include, primarily:

- (1) Clarifying the conditions under which Idaho Power shall be charged “energy payments” during demand reduction events;
- (2) Adjusting the calculation of the “Day-of-Load Adjustment”;
- (3) Decreasing the penalty EnerNOC incurs for failing to commit to a demand reduction; and
- (4) The addition of a non-solicitation clause.

STAFF REVIEW AND RECOMMENDATION

Staff reviewed the Company’s Petition to amend its Agreement with EnerNOC and stated that it understands why there are changes following the first season of implementation. Staff noted that the Third Amendment was initiated because the original contract significantly inflates a capacity penalty EnerNOC must pay for falling short of its nominated reduction to Idaho Power. However, Staff acknowledged that EnerNOC and Idaho Power are two sophisticated parties whose intent regarding potential penalties may not have been specifically achieved within the terms of the original Agreement. Aside from reviewing the changes outlined in the Company’s Petition, Staff also noted the original Agreement did not adjust the Facility Baseline Usage downward when calculating the “Day-of-Load Adjustment” program savings. This may have caused those savings to be slightly overstated.

According to the Company, a preliminary evaluation of the program revealed results which have exceeded original expectations. Staff will review the results of the program when the Company completes a full program impact evaluation in 2011.

After a thorough review of the Company’s proposal, Staff recommended that Idaho Power’s Petition to amend its Agreement with EnerNOC be approved. Nevertheless, Staff stressed that its recommendation should not be interpreted as an opinion or judgment regarding the ultimate prudence or savings of the program.

COMMISSION DECISION AND FINDINGS

The Commission has reviewed and considered Idaho Power’s Petition to amend its Agreement with EnerNOC and Staff’s comments. The Commission has reviewed Idaho Power’s

preliminary program report and is encouraged by the initial results revealing significant voluntary load reductions from Idaho Power's industrial customers.

We find the amendments to the Agreement between Idaho Power and EnerNOC, approved by the Commission in Order No. 30805, to be reasonable. The Commission notes that the proposed amendments were mutually agreed upon and resulted from voluntary negotiations between the parties.

Idaho Power's Application for approval of the amendments to its Agreement with EnerNOC does not include a request for a determination as to the overall prudence of the FlexPeak Management Program. Thus, the Commission will consider the prudence of the program in another context. The Commission's decision in this case to permit certain amendments to the parties' original Agreement should not be interpreted as an endorsement of the specific expenditures or the overall prudence of the program.

CONCLUSIONS OF LAW

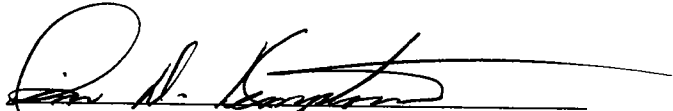
The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, and the issues presented in this matter pursuant to its authority under Title 61 of the Idaho Code, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that Idaho Power Company's Petition for Approval of Amendment to Agreement with EnerNOC is granted.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

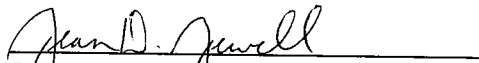
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2nd
day of June 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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