

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL**

DATE: DECEMBER 21, 2012

**SUBJECT: ROCKY MOUNTAIN POWER'S APPLICATION: (1) FOR AUTHORITY
TO CANCEL IRRIGATION LOAD CONTROL TARIFFS 72 AND 72A,
AND (2) APPROVAL OF NEW DSM CONTRACT, CASE NO. PAC-E-12-
14**

On December 7, 2012, PacifiCorp dba Rocky Mountain Power (the "Company") applied to the Commission for an Order: (1) authorizing it to cancel Electric Service Schedule 72, Irrigation Load Control Credit Rider, and Electric Service Schedule 72A, Dispatchable Irrigation Load Control Credit Rider; and (2) approving a new demand-side management (DSM) contract with third party aggregator, EnerNoc, Inc., for delivery of the irrigation load control program. The Company asks that Modified Procedure be used, and that the requested changes take effect on February 1, 2013. Application at 1 and 12.

THE APPLICATION

The Company's describes the current irrigation load control program and the new DSM contract with EnerNoc in sum as follows:

The Current Irrigation Load Control Program

In 2003, the Company implemented Electric Service Schedule 72, Irrigation Load Control Credit Rider tariff, to provide irrigation customers with an alternative to receiving firm service under Electric Service Schedule 10, Irrigation and Soil Drainage Pumping Power Service. Schedule 72 lets irrigators opt to participate in a load control program that enables them to manage their energy costs through curtailment. *Id.* at 2-3. Offerings are made to program participants based on avoided kilowatts for each of the three summer months. The amount of

credit is based on the price that the Company would have to pay for an equivalent amount of power on the open market for a block purchase of 30 megawatts.

When the Schedule 72 program began, it had 207 customers with 401 sites, representing 45 megawatts of peak reduction. Program participation then increased to a high of 489 customers, 1065 sites, and 54 megawatts of peak reduction capability in 2005. Program participation has since declined, and in 2012 only 68 customers with 77 sites participated, representing 2.3 megawatts of peak reduction capability. *Id.* at 3.

During the 2007 irrigation season, the Company successfully piloted a fully dispatchable load control solution; while the Company expected 45 megawatts of participating load, 76 megawatts ultimately participated in the program under contract. In light of this success, in 2008 the Company implemented Electric Service Schedule 72A in 2008 as a full enrollment program. Schedule 72A is a voluntary load reduction program available to irrigators who receive service under Schedule 10. The program enables the Company to control demand and manage summer peaks by periodically turning off program pumps. *Id.* at 4. Participation in the Schedule 72A program has grown, and participation was capped at 283 megawatts for the 2011 and 2012 seasons. *Id.* Following a series of stipulations between the Company, Idaho Irrigation Pumpers Association (“IIPA”), and Commission Staff, an agreed-to load control credit was extended through the end of the 2012 irrigation season. *Id.* at 5.

During the 2012 season, the Company called 12 control events. *Id.* Incentive payments or credits to 2012 participants were based on 244 megawatts of load. *Id.* at 6. The average realized load reduction for the 2012 season was 139 megawatts, or 57% of participating load. During the 10-year system peak period, the 2012 average realized load reduction was 117 megawatts, or 48% of the participating load. *Id.*

The EnerNOC DSM Contract

In 2012, the Company requested proposals for delivering the irrigation load control program in the most cost-efficient manner. *Id.* at 7. The Company sought proposals on two alternatives: (1) A pay-for-performance model in which the contractor delivers the dispatchable irrigation load control program and provides capacity, monitoring and load control devices, and incentives to customers while accepting the risks associated with the program; and (2) an equipment-and-service model in which the Company continues to operate the program while the

contractor provides the customer service and equipment installation, operation, and maintenance associated with the program. *Id.* at 7.

After reviewing five proposals from two qualified vendors, the Company determined that the least-cost option is a pay-for-performance model submitted by EnerNoc, Inc., a company that manages more than 25 pay-for-performance contracts and which purchased the manufacturer of the Company’s current irrigation load control equipment. *Id.* at 8. The Company’s resulting contract with EnerNoc provides, in sum:

General Term	Description
Term of Agreement	10 years with ability to terminate early
Eligible Customers	Schedule 10 customers
Average Demand Response Capacity	145 MW 40 MW
Capacity Basis	Average available capacity measured during the guarantee period
Pricing	Confidential
Performance Guarantees	Confidential
Dispatch Limitations	52 hours per year, 20 events per year, 1 to 4 hours per event
Guarantee Period	June 15 – August 15 Weekdays excluding holidays 12 p.m. – 8 p.m. MST
Non-Guaranteed Capacity	May dispatch an event anytime beyond the Dispatch Limitations and Guaranteed Capacity Limits, load reductions will not be guaranteed

Id. at 9. In addition, EnerNoc assumes all responsibility for installing, operating, and maintaining the irrigation load control devices, dispatching services as directed by the Company, recruiting customers, providing customer service, and issuing the irrigation credits. *Id.* EnerNoc will be paid based on the average load available for curtailment less any performance shortfall adjustments during program events. EnerNoc also receives an incentive to optimize load curtailment during historical peak times. *Id.* at 10. Participant curtailment amounts, incentives, and terms and conditions will be between EnerNoc and qualifying customers. *Id.* Consistent

with existing program structure, customers will be notified the day before program dispatch and will be able to opt-out of event participation before loads are controlled. *Id.*

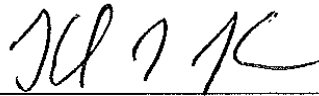
In light of the above, the Company now asks the Commission to approve the EnerNoc DSM contract and cancel Electric Service Schedules 72 and 72A, effective February 1, 2013. *Id.* at 11.

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Application that sets a 14-day intervention deadline, suspends the proposed effective date, and orders a prehearing conference. The Company has advised Staff that it concurs with this approach.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application that sets a 14-day intervention deadline and a prehearing conference, and suspends the proposed effective date?



Karl Klein
Deputy Attorney General

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