

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
 COMMISSIONER RAPER
 COMMISSIONER ANDERSON
 COMMISSION SECRETARY
 LEGAL
 WORKING FILE**

FROM: MARK ROGERS

DATE: JANUARY 15, 2016

**RE: IDAHO POWER TARIFF ADVICE NO. 15-16; MODIFICATION
 TO SCHEDULE 23 – IRRIGATION PEAK REWARDS PROGRAM**

On December 30, 2015, Idaho Power Company filed a Tariff Advice with the Commission seeking authority to modify its Electric Service Schedule 23, Irrigation Peak Rewards Program. In this Tariff Advice, Idaho Power first proposes to consolidate Interruption Option 1 and Option 2 into a single option that would be referred to as the “Automatic Dispatch Option.” The consolidation would allow Idaho Power to replace cellular-based technology with AMI technology as the cellular devices fail. Second, Idaho Power proposes to rename Interruption Option 3 to “Manual Dispatch Option” and modify the current eligibility requirements to include Meter Service Points determined by the Company to have limited load control device communication technology or installation configuration. Idaho Power requests that the filing be processed as a Tariff Advice and that the proposed change be effective on or before February 15, 2016.

BACKGROUND

Idaho Power’s Schedule 23 Irrigation Peak Rewards Program is a voluntary load control program currently available to agricultural irrigation service locations that have participated in the Program in the past and receive service under Schedule 24. The Program’s purpose is to reduce electrical load during summer peak hours by deactivating specific irrigation pumps for a maximum of 60 hours during the period of June 15

through August 15. The load control events may last up to 4 hours per day and will not exceed 15 hours per calendar week.

Currently, Idaho Power has three Interruption Options for which participants can enroll. Option 1 allows only the Company to communicate with the cellular load control device in order to activate and deactivate the pump during a load control event. Option 2 is similar to Option 1, but in addition, the customer has access to a customized website, utilizing a cellular based technology to monitor and activate/deactivate their pump(s) throughout the program season. Option 3 does not utilize any load control device technology but allows the customer to manually turn off a nominated number of pumps during a load control event.

The program underwent a pilot study in 2004, and was adopted in 2005. When the program was expanded in 2009 to include dispatchable load control technology, Idaho Power was just beginning to install AMI technology on its system. Until AMI became available for load control, the Company relied on cellular-based load control devices to deactivate pumps at participating service locations. When the Company's AMI technology became fully implemented, the Company began to successfully use the AMI load control devices instead of the cellular devices. As of January 2016, roughly 16 percent of customers participating in the Program have had the cellular-based load control devices replaced by AMI technology.

STAFF ANALYSIS

Staff has reviewed the Application and supports the Company's proposal to modify Schedule 23. To summarize, there are 2,776 participants in the Program of which 442 have already had AMI meters installed in place of cellular-based load control devices. The Company proposes transferring the remaining customers to AMI meters as the cellular-based devices fail. The Company determined that AMI technology is unavailable to approximately 334 participants. Thus, the Company has proposed modifying the requirements of Option 3 to extend participation to these customers under the "Manual Dispatch Option." Staff supports the proposal and believes it will help simplify the Peak Irrigation Rewards Program, while reducing costs.

Consolidation of Interruption Options 1 & 2

In 2015 Idaho Power reviewed Schedule 23 and the number of service locations enrolled in each of the three Interruption Options. The Company states that 95 percent of participating service locations were enrolled under Option 1, while only 3 percent were enrolled in Option 2 and 2 percent in Option 3. Currently, Option 2 requires a more advanced cellular-based technology in order for customers to monitor and turn on/off their pump(s). Idaho Power asserts that these features have higher costs associated with replacement installations, annual service fees and ongoing maintenance expenses. The Company estimates that replacing all cellular devices with the AMI devices would reduce the Program's service and installation costs by 74 percent per device, and future maintenance costs by 88 percent per device.

Staff inquired as to the costs of the devices and the total savings when all cellular devices are replaced with AMI technology. At a current service and installation cost of roughly \$1,545 for cellular-based devices, and \$401 for AMI control devices, the service and installation savings could be roughly \$2,288,000. With a maintenance cost of \$781 per cellular device and \$94 for AMI devices, the total expected maintenance savings could be around \$1,376,000; for a total of roughly \$3.66 million once all cellular-based devices are replaced with AMI technology. Staff reviewed the cost savings estimates and believes they are reasonable.

Staff also reviewed the Demand Response Programs Settlement Agreement in Case No. IPC-E-13-14, which set stipulations for the Irrigation Peak Rewards Program. Under this Settlement, Idaho Power is required to continue the Peak Irrigation Rewards Program using existing participants and equipment when possible. Staff notes that the Company's Application conforms to the stipulations set forth in the Settlement as participants who are currently using cellular technology would not see any changes immediately because the Company would not immediately remove working cellular devices. Rather, as these devices fail, or at a time in the future when the Company determines it is cost-effective, the Company would replace each cellular device with an AMI device.

Furthermore, Staff notes that Idaho Power's proposed Program modifications were presented on November 5th, 2015 to the Energy Efficiency Advisory Group, and

were well supported. Staff believes that the consolidation of Interruption Option 1 and Option 2 into an “Automatic Dispatch Option” conforms to the previous Settlement, and is fair and reasonable. Staff further believes that combining Option 1 and Option 2 will help simplify the Peak Irrigation Rewards Program for customers and the Company, while reducing costs associated with the program and simultaneously enhancing the AMI network.

Modification of Option 3

Idaho Power seeks to rename Interruption Option 3 to “Manual Dispatch Option” and modify the requirement for participation. The Company requests that qualification for the enrollment in the Manual Dispatch Option include service locations that the Company determines may be limited by load control device communication technology or installation configuration. Idaho Power states that these proposed changes will not impact service locations currently enrolled under this option, but instead, will allow flexibility to include other service locations making it possible for customers to participate in the Program without the Company incurring the added costs of maintaining load control technology.

Staff particularly reviewed the issue of customers limited by load control device communication technology and installation configurations. These situations predominantly include customers that lack AMI installation capabilities, and to a lesser extent, cellular communication. These customers currently have total service loads under 1,000 horsepower and use satellite based phone technology rather than cellular devices to participate in the Program. By modifying the requirements of Option 3, customers under 1,000 horse power that are limited by load control device communication will be able to switch to the “Manual Dispatch Option”, allowing them the flexibility to choose which irrigation pumps at a Metered Service Point will be interrupted during each dispatched Load Control Event.

Staff believes it is reasonable to rename Interruption Option 3 to “Manual Dispatch Option” and modify the eligibility requirements to include service locations that the Company determines may be limited by load control device technology or installation configuration. Staff believes that this will enable those customers who lack cellular

communication to cut costs on satellite based technology by switching to the Manual Dispatch Option. Furthermore, as the cellular technology is replaced by AMI meters, those customers who are under 1,000 horsepower and lack AMI installation capabilities will have an option to enroll in the Manual Dispatch Option in the event that their cellular based technology fails. Thus, all customer's currently enrolled in Option 2 will be able to remain in the Peak Irrigation Rewards Program by either switching to the "Automatic Dispatch Option", or the "Manual Peak Option."

STAFF RECOMMENDATION

Staff believes proposed changes to its Schedule 23 Irrigation Peak Rewards Program are fair and reasonable, and recommends approval of the tariff with an effective date of February 15, 2016.

COMMISSION DECISION

Does the Commission wish to approve Idaho Power's proposed tariff changes to its Schedule 23 Irrigation Peak Rewards Program to be effective February 15, 2016?



Mark Rogers

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