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Conservation League

PO Box 844, Boise, ID 83701
208.345.6933

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IDAHO PUBLIC
UTILITIES COMMISSION

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

April 23, 2010

RE: IPC-E-10-04: In the Matter of the Application of Idaho Power Company for Authority to Fund its Continued Participation in the Northwest Energy Efficiency Alliance for the Period 2010-2014.

Honorable Commissioners,

Please consider the following comments of the Idaho Conservation League. As Idaho's largest state-based conservation organization, we represent over 9,500 members many of whom are customers of Idaho Power. As customers of Idaho Power and residents of the Northwest generally, ICL and its members have a deep interest in promoting the efficient use of our energy resources in order to protect clean air, water, and open space.

ICL supports the mission of the Northwest Energy Efficiency Alliance – to “mobilize the Northwest to become increasingly energy efficient for a sustainable future.” ICL appreciates Idaho Power’s continued support for the market transformation that NEEA works to achieve. By working at the upstream end of the energy marketplace, Idaho Power, through NEEA, can capture long-term gains in efficiency through improved appliance standards and building codes, promoting new technologies and business practices, and supporting utility based efficiency programs. While attributing specific energy savings arising from these activities is difficult, ICL believes that real savings do occur. ICL applauds the Staff and Commission’s repeated explanation that efficiency investments benefit all customers by avoiding costly new generation resources.

However, we also highlight three issues we believe the Commission should address in this matter. First, Idaho Power requests to roughly double the amount of their contribution to NEEA. ICL acknowledges this increase is based on the NEEA business plan, which Idaho Power participated in forming. However, ICL believes that as spending rises so should the rigor of program evaluation, measurement and verification. The Commission should require Idaho Power to make publicly available the third-party management and fiscal audits discussed on page 14 of their Application and page 3 of the Regional Agreement.

Second, in addition to the management and fiscal audits, the Commission should require third party evaluation, measurement, and verification of the projected energy savings attributed to Idaho from NEEA programs. While ICL wholeheartedly supports investments in energy efficiency, these investments must result in cost effective energy savings. Although not specifically an issue in this matter, ICL is concerned about the current piecemeal approach to prudency reviews.

Between 1997 and 1999, the Commission determined NEEA expenses were prudent following third party audits. See Order 27877 and 28211. For the years of 2000 through 2004, the

Commission found the NEEA expenses prudent based on what appears to have been detailed analysis and documentation in the application. See Order 28333. For the years 2005 through 2009, the Commission approved using Energy Efficiency Rider funds for NEEA, but specifically did not make a prudency determination. See Order 29784. In the 2008 General Rate Case, the Commission approved a stipulation that NEEA expenditures for 2002 through 2007 were prudent. See Order 30740. On March 15, 2010, Idaho Power applied for a prudency determination for funds sent during 2008 – 2009, but the Commission has yet to take any action in this matter. See Case No. IPC-E-10-09. ICL is concerned that since 1999, it seems that the Commission has not required third party verification of NEEA's energy savings when making prudency determination. ICL believes that third party verification fosters public confidence and support for energy efficiency investments and thereby addresses many of the concerns raised by customers and other parties in this and related matters.

Third, while Idaho Power intends to pay NEEA dues out of Energy Efficiency Rider funds, the application does not discuss how this will affect other efficiency programs. Staff comments that Idaho Power is "already obligated to participate" in NEEA because this Commission has directed them to pursue all cost effective energy efficiency. One of the drivers causing the increase in NEEA dues is the increased opportunities for cost effective efficiency identified in The Northwest Power and Planning Council 6th Power Plan. See NEEA 2010 – 2014 Business Plan, Appendix 6; see also Application of Rocky Mountain Power to Increase the Customer Efficiency Service Rate at 14, Case No. PAC-E-10-03.

ICL is concerned that the increase in funding for NEEA may reduce the funds available for other cost effective efficiency investments with more immediate impacts. If current energy efficiency funding proves to be insufficient, Idaho Power may seek an increase of the Energy Efficiency Rider at a time when the public is faced with a myriad of other piecemeal rate increases. ICL maintains that energy efficiency is the least cost resource available and believes Idaho power should focus investments in this sector. However, we are also cognizant of the negative public reaction to Idaho Power's current piecemeal rate filings. Instead, ICL believes the Commission should require Idaho Power to address efficiency in a comprehensive manner that includes the amount of the Rider, prudency review of prior spending, and examination of the entire suite of efficiency programs.

In closing, ICL reiterates our support for NEEA's market transformation goals and encourages the Commission to approve Idaho Power's continued participation. We commend the Commission for recognizing the value that all ratepayers receive from efficiency investments beyond any direct participation in individual programs. With these comments, ICL hopes to encourage a more rigorous and comprehensive approach to efficiency that fosters better public understanding through reliable verification and a holistic approach. We look forward to continuing to work with Staff, the Commission, Idaho Power, and other parties to aggressively pursue the least cost, least risk resource available – efficient use of our valuable energy resources.

Sincerely,



Benjamin Otto
Energy Associate, Idaho Conservation League