



participation, it is not appropriate for long-term operation of the resource. Just like any supply side resource the irrigation load control program has two values - the value of the ability to curtail irrigation loads when necessary and the value of actually curtailing load. Part of the Company's application addresses these dual values and appropriately modifies the program to maximize its overall value Idaho Power and its ratepayers.

Last year Idaho Power made another change that helped maximize the value to ratepayers – moving from timer based curtailment system to a mostly dispatchable system. While all of the comments from program participants thus far argue that any change could reduce participation, the events of 2009 tell a different story. Despite making this major change participation increased. ICL encourages the Commission to ignore the vague assertions of a few participants and look to the actual events on the ground. Despite previous changes to the program, irrigators continue to find the program attractive.

## **THE PROPOSED CHANGES**

In this application Idaho Power requests five changes, all of which ICL believes are appropriate and in the best interest of ratepayers.

1. Extending the eligible time for interruption by one additional hour will allow the Company to more precisely match system peaks. Because this change requires attracting a certain number participants to alter their growing operations, ICL supports the small bonus incentive proposed for this extended hour. As a caveat, ICL expects that, like the program generally, as the extended operation becomes mature the bonus incentive will no longer be necessary.

2. Changing the incentive structure from a 100% fixed payment to a fixed/variable payment appropriately addresses the dual value of this mature program. The ability to curtail irrigation loads when necessary is a valuable resource for Idaho Power and ratepayers. It is appropriate to pay a certain amount to irrigators for them to essentially stand by. It is also appropriate to pay a certain amount to irrigators when Idaho Power actually curtails their loads. What is inappropriate is the current incentive that pays irrigators the same value regardless of the actual utilization of the program. Splitting the current fixed payment to a fixed/variable scheme minimizes costs to ratepayers while maximizing the value to Idaho Power. It minimizes costs by ensuring ratepayers pay the full incentive only during actual curtailments. It maximizes value by incentivizing participants to actually curtail and thereby receive the payment. While ICL does not have the technical expertise to determine if the specific monetary amounts the Company proposes are appropriate, we do know the Company is proposing the proper incentive structure.

3. Testing the operation of the load control program once a year is a prudent and effective strategy to ensure reliability. Because this test should not occur when the curtailment value is large, i.e. when demand is peaking, it is appropriate to not provide the variable incentive payment. Instead, the testing event should be considered part of the standby value captured in the fixed incentive portion.

4. Modifying Dispatchable Option 3 to ensure Idaho Power only pays for curtailments that actually occur is critical to ensure a cost effective, sustainable program. Because under Option 3 participants get to nominate a portion of the load that is subject to curtailment, Idaho Power must have the ability to accurately track whether the participant actually delivers what they propose to.

5. Opt-out penalties are important to ensure the amount of load curtailment Idaho Power expects to have available actually comes to fruition. Because the penalty provision must be clear and simple for the participants, ICL supports the goal of simplifying the calculation. The penalty will only work to ensure participant performance if individuals are able to quickly determine the cost of the penalty will outweigh the benefit of opting out. Further, applying an opt-out penalty to Option 3 is critical to ensure the resource is there when Idaho Power needs it. Similar to our comments regarding the incentive levels, ICL does not have the expertise to determine if the specific monetary amounts are sufficient. And because it is likely very hard to set the proper penalty level, ICL submits the Commission could retain the discretion to review the results of 2011 and adjust the penalty as necessary.

## CONCLUSION

The irrigation load control program has matured since 2004. While the previous incentive structure properly encouraged initial participation, now that the program is more mature the proper incentive structure should focus on maximizing the value to Idaho Power's ratepayers. ICL believes Idaho Power's proposed revisions does just that.

WHEREFORE, ICL respectfully requests the Commission consider these comments.

DATED this 8<sup>th</sup> day of February 2011.

Respectfully submitted,



---

Benjamin J. Otto  
Idaho Conservation League

## CERTIFICATE OF SERVICE

I hereby certify that on this 8<sup>th</sup> day of February, 2011 true and correct copies of the foregoing COMMENTS OF IDAHO CONSERVATION LEAGUE were delivered to the following persons via the method of service noted:

### Hand delivery:

Jean Jewell  
Commission Secretary (Original and seven copies provided)  
Idaho Public Utilities Commission  
427 W. Washington St.  
Boise, ID 83702-5983

### Electronic Mail:

Lisa D. Nordstrom  
Donovan E. Walker  
Idaho Power Company  
1221 West Idaho Street  
Boise, Idaho 83707-0070  
lnordstrom@idahopower.com  
dwalker@idahopower.com

Greg W. Said  
Scott Sparks  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707  
gsaid@idahopower.com  
ssparks@idahopower.com

Eric L. Olsen  
Racine, Olson, Nye, Budge &  
Bailey, Chartered  
P.O. Box 1391; 201 E. Center  
Pocatello, Idaho 83204-1391  
Telephone: (208) 232-6101  
Fax: (208) 232-6109  
E-mail: elo@racinelaw.net

Anthony Yankel  
29814 Lake Road  
Bay Village, Ohio 44140  
Fax: 440-808-1450  
E-mail: tony@yankel.net

  
\_\_\_\_\_  
Benjamin J. Otto  
Idaho Conservation League