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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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March 7, 2013

NEW CASE

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

IPC-E-13-04

Re: Case No. ~~TPC-E-09-02~~
Commercial Demand Response Program – Idaho Power Company's Petition
for Approval of Second Amendment to Agreement with EnerNOC, Inc.
IN IPC-E-09-02

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Petition for Approval of Second Amendment to Agreement with EnerNOC, Inc.

Also enclosed in separate envelopes are an original and seven (7) copies each of **confidential** Attachments 1 and 2 to the Petition. Please handle the **confidential** information in accordance with the Protective Agreement executed in this matter.

Sincerely,

Lisa D. Nordstrom
Lisa D. Nordstrom

LDN:evp
Enclosures

This Petition is based on the following:

I. BACKGROUND

1. On March 2, 2009, the Company filed an Application with the Commission seeking approval of a Demand Response Agreement (“Agreement”) with EnerNOC to implement a voluntary demand response program for commercial and industrial customers.

2. FlexPeak is a voluntary demand response program targeting Idaho Power’s industrial and large commercial customers that are capable of reducing their electrical energy loads for short periods during summer peak load days. The FlexPeak Program’s objective is to reduce the demand on Idaho Power’s system during peak load times through customers’ voluntary electrical use reduction. EnerNOC is responsible for developing and implementing all marketing plans, securing all participants, installing and maintaining all equipment beyond Idaho Power’s meter necessary 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 Idaho Power’s system.

3. In Order No. 30805 issued on May 15, 2009, the Commission approved the EnerNOC Agreement and authorized the Company to implement the voluntary demand response program for its commercial and industrial customers. The Commission subsequently approved an amendment to clarify terms of the Agreement on June 2, 2010, in Order No. 31098.

4. Participation in the FlexPeak Program has grown since its 2009 inception. During 2009, EnerNOC enrolled 33 participant sites, a number that has grown to 102

facility sites by the 2012 season. Over the program years between 2009 and 2012, Idaho Power has called 8, 4, 14, and 4 events, respectively, for an average load reduction, excluding the first two years of program ramp-up, of 38 megawatts ("MW").

5. While participation had steadily grown between 2009 and 2011, participating sites declined between 2011 and 2012 from 108 to 102. The weekly commitment in 2012 peaked in August at 38.8 MW; the average weekly MW reduction during the entire 2012 season was 34.5 MW.

6. Idaho Power's overall FlexPeak Program costs in 2012 were approximately \$3 million. If the contract with EnerNOC remains unchanged in 2013, achievable demand reduction is expected to increase and the overall program costs are expected to increase as well.

II. TEMPORARY SUSPENSION OF DEMAND RESPONSE PROGRAMS

7. On December 21, 2012, the Company submitted an Application in Case No. IPC-E-12-29 requesting authority to temporarily suspend two demand response programs, A/C Cool Credit and Irrigation Peak Rewards. This request was made because the load and resource balance prepared as part of Idaho Power's 2013 integrated resource planning process indicates a lack of near-term peak hour capacity deficits until July 2016. Moreover, in Order No. 32697 issued on December 18, 2012, in Case No. GNR-E-11-03, the Commission directed Idaho Power to not pay for capacity prior to the need for it; the Company believed that temporarily suspending the demand response programs aligned with the Commission's guidance and would result in cost savings for customers.

8. The FlexPeak Program was not specifically addressed in the demand response temporary suspension filing, as the Company is under contract with EnerNOC and therefore does not have the unilateral ability to suspend payment to EnerNOC prior to the expiration date of the Agreement, February 2014. The Company indicated on page 5 of its Application in Case No. IPC-E-12-29 that it was discussing with EnerNOC the possibility of modifying the contract for the remainder of the contract term with the goal of reducing costs for customers.

9. A settlement workshop was held on February 6, 2013, to discuss the temporary suspension of the A/C Cool Credit and Irrigation Peak Rewards programs, and a settlement in principle was reached by Idaho Power, the Commission Staff, the Idaho Irrigation Pumpers Association, Inc., the Idaho Conservation League, and the Snake River Alliance ("Parties"). The Company subsequently filed a settlement stipulation in Case No. IPC-E-12-29 for Commission approval on February 14, 2013. The Parties agreed that a temporary suspension of the A/C Cool Credit and Irrigation Peak Rewards programs for the 2013 program seasons is appropriate. Under a temporary suspension, the Company will not pay any customer "incentive" payments, no new program participants will be accepted in 2013, and Idaho Power will not initiate any load control events in 2013. To promote program participant retention and satisfaction, the Parties agreed that a continuity payment will be made to each participant enrolled in the programs in 2013. A/C Cool Credit participants will receive \$1 per month for each of the three program months during 2013 (or approximately 14 percent of prior year payments) and Irrigation Peak Rewards participants will receive a payment that is approximately 17 percent of the 2012 program season payments and is

based on the Irrigation Peak Rewards option the participant was enrolled in during 2012.

III. SECOND AMENDMENT TO THE ENEROC AGREEMENT

10. After discussing potential FlexPeak Program modifications for the 2013 season, Idaho Power and EnerNOC identified amendments to the contract that would align with both Idaho Power's needs and EnerNOC's current level of participation in the FlexPeak Program. The amended contract would reduce the weekly MW of nominated demand reduction obligations to a range of 20 MW to 35 MW. Capping the weekly MW of nominated demand reduction at the historical level of 35 MW will ensure that current participation levels are sustainable while limiting future program costs associated with higher demand reduction levels that the Company has identified it does not need at this time. The Company anticipates that without changes to the Agreement, EnerNOC will continue to recruit customers and secure new demand reduction capacity. By capping the weekly nominated demand reduction at 35 MW, reducing the amount of dispatch hours available from 60 to 30 and event days from 20 to 10, and reducing the amount that Idaho Power pays to EnerNOC per kilowatt, Idaho Power expects to save program expenses of approximately \$500,000 in 2013.

11. Because EnerNOC has represented to the Company that both the original Agreement and the subsequent amendments to the Agreement contain information that is valuable, proprietary information, the Second Amendment to the Agreement is being provided to the Commission as Attachment 1 to this Application under separate cover in accordance with the Commission's rules on the handling of confidential information.

The Commission Staff already executed the standard protective agreement in this docket in 2009, which will enable them to review the Second Amendment.

12. Idaho Power has also included a confidential explanation of the Second Amendment to the Agreement as Attachment 2 to the Application. This explanation will be provided upon request and execution of the Protective Agreement. The confidential explanation will be provided in lieu of the Second Amendment to the Agreement to interested parties that could profit from the specific financial and business model data contained in the Second Amendment. Because the explanation document discusses confidential information, it is also being supplied in a separate envelope consistent with the Commission's rules on submittal of confidential information.

13. To properly bill and administer the FlexPeak Program during the program season beginning June 1, 2013, Idaho Power respectfully requests the Commission issue an order on this matter no later than May 31, 2013.

IV. MODIFIED PROCEDURE

14. Idaho Power believes that a hearing is not necessary to consider the Second Amendment presented herein and respectfully requests that this Petition be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present testimony in support of the Application in such hearing.

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

15. Communication and service of pleadings with reference to this Petition should be sent to the following:

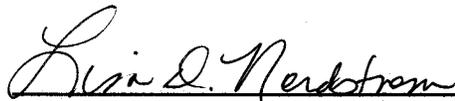
Lisa D. Nordstrom
Regulatory Dockets
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
lnordstrom@idahopower.com
dockets@idahopower.com

Tami White
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
twhite@idahopower.com

VI. REQUEST FOR RELIEF

16. Idaho Power respectfully requests that the Commission issue its Order: (1) authorizing that this matter be processed by modified procedure and (2) approving the Second Amendment to the Agreement between Idaho Power and EnerNOC without change or condition no later than May 31, 2013.

Respectfully submitted this 7th day of March 2013.



LISA D. NORDSTROM
Attorney for Idaho Power Company

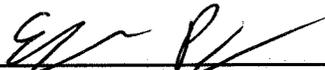
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 7th day of March 2013 I served a true and correct copy of IDAHO POWER COMPANY'S PETITION FOR APPROVAL OF SECOND AMENDMENT TO AGREEMENT WITH ENERNOC, INC., upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Neil Price
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email Neil.price@puc.idaho.gov



Elizabeth Paynter, Legal Secretary

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-09-02**

IDAHO POWER COMPANY

**ATTACHMENT 1
SECOND AMENDMENT**

**THE SECOND
AMENDMENT IS
CONFIDENTIAL AND WILL
BE PROVIDED TO THE
APPROPRIATE PARTIES
UPON REQUEST AND
EXECUTION OF THE
PROTECTIVE
AGREEMENT**

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-09-02**

IDAHO POWER COMPANY

**ATTACHMENT 2
EXPLANATION OF SECOND AMENDMENT**

**THE EXPLANATION OF
THE SECOND
AMENDMENT IS
CONFIDENTIAL
AND WILL BE PROVIDED
TO THE APPROPRIATE
PARTIES UPON REQUEST
AND EXECUTION OF THE
PROTECTIVE
AGREEMENT**

CERTIFICATE OF ATTORNEY

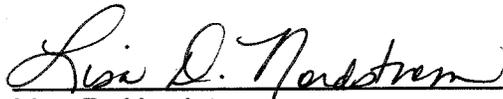
**ASSERTION THAT MATERIALS REQUESTED AND PROVIDED DURING THE
COURSE OF AN IDAHO PUBLIC UTILITIES COMMISSION PROCEEDING
ARE PROTECTED FROM PUBLIC INSPECTION**

Case No. IPC-E-09-02

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The undersigned attorney, in accordance with RP 233, hereby certifies that the attachments filed with Idaho Power Company's Petition for Approval of Second Amendment to Agreement with EnerNOC, Inc., contain information that is a trade secret or privileged or confidential as described in *Idaho Code* § 9-340, *et seq.*, and § 48-801, *et seq.*, and as such are exempt from public inspection, examination, or copying.

DATED this 7th day of March 2013.



Lisa D. Nordstrom
Counsel for Idaho Power Company