

WELDON B. STUTZMAN  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0318  
IDAHO BAR NO. 3283

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UTILITIES COMMISSION

Street Address for Express Mail:  
472 W WASHINGTON  
BOISE ID 83702-5918

Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
IDAHO POWER COMPANY FOR APPROVAL )	CASE NO. IPC-E-13-04
OF ITS AGREEMENT WITH ENERNOC TO )	
IMPLEMENT AND OPERATE A VOLUNTARY )	COMMENTS OF THE
COMMERCIAL DEMAND RESPONSE )	COMMISSION STAFF
PROGRAM. )	
_____ )	

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Petition and Notice of Modified Procedure issued in Order No. 32762 on March 13, 2013, submits the following comments.

### BACKGROUND

On March 7, 2013, Idaho Power Company filed a Petition requesting Commission approval of Amendment No. 2 to the February 23, 2009 Demand Response Agreement between Idaho Power and EnerNOC, Inc. The Agreement sets forth terms by which Idaho Power provides a demand response (DR) program for its commercial and industrial customers known as the FlexPeak Management Program. FlexPeak is a voluntary DR program targeting industrial and large commercial customers that are capable of reducing their electrical energy loads for short periods during summer peak load days. EnerNOC is responsible for developing and implementing all

marketing plans, securing participants, installing and maintaining equipment, tracking participation and reporting results to Idaho Power. The Commission approved the five-year EnerNOC Agreement in Order No. 30805 issued May 15, 2009, and later approved an amendment to clarify terms of the Agreement in Order No. 31098.

In Case No. IPC-E-12-29, Idaho Power requested authority to temporarily suspend the A/C Cool Credit and Irrigation Peak Rewards DR programs because the Company's 2013 Integrated Resource Plan (IRP) indicated no peak hour capacity deficits until July 2016. The case resulted in a Settlement Stipulation in which all parties agreed to temporarily suspend both DR programs for 2013, provide participant continuity payments, and conduct workshops to discuss the Company's DR programs in 2014 and beyond. The Commission approved the Settlement Stipulation in Order No. 32776 on April 2, 2013. Idaho Power did not include the FlexPeak program in that case because the Company does not have the ability to unilaterally suspend payment to EnerNOC prior to the February 2014 contract expiration date.

## **STAFF REVIEW**

Staff supports the Company's proposed amendment with EnerNOC. The modifications reduce some of FlexPeak Management's operating and pricing parameters, thus lowering the cost to ratepayers, without suspending the program for 2013. In conjunction with Case No. IPC-E-12-29, this application modifies the Company's third and final DR program due to existing excess capacity as identified in the 2013 IRP.

In the current filing, Idaho Power and EnerNOC have mutually and voluntarily renegotiated the contract. Without the proposed modifications, the Company believes EnerNOC will secure additional capacity and the program will cost approximately \$3.0 - \$3.3 million in 2013. The changes to the contract could save ratepayers about \$500,000, which would reduce costs to approximately \$2.5 - \$2.8 million. The Second Amendment reduces:

1. the dispatch hours from 60 to 30,
2. the event days from 20 to 10,
3. the capacity payment paid to EnerNOC per kilowatt, and
4. the weekly nominated capacity bounds from 35-65 MW to 20-35 MW.

Idaho Power pays EnerNOC a pre-determined capacity price and a variable energy payment. The capacity payment is based on the amount of reduction available during the program season and the energy payment is based on the number of events called per season and the time length of each

event. EnerNOC compensates participants based on committed capacity and energy payments (actual kWh reduction achieved during each event). Participants do not pay to participate or for load control devices. EnerNOC receives a financial penalty if the weekly nominated capacity is less than the lower capacity bound (35 MW in 2012).

In 2012, the Company called four events, totaling 14 hours. EnerNOC's weekly commitments ranged from 29.6 MW to 38.8 MW. Staff calculated the average capacity reduction from 2010 – 2012 at 35.8 MW, 38.7 MW, and 37 MW, respectively, and notes that the average reductions are slightly above the proposed 35 MW capacity cap. Staff anticipates EnerNOC will have little difficulty in meeting the proposed capacity cap.

The FlexPeak program operates under a five-year contract between Idaho Power and EnerNOC that expires in February 2014. Compared to the temporary suspension of the A/C Cool Credit and Irrigation Peak Rewards programs, FlexPeak is not as easily negotiable. The program will be operational throughout the 2013 season. Consistent with Order No. 32776 that directed stakeholder workshops to evaluate the A/C Cool Credit and Irrigation Peak Rewards DR programs, Staff will work with interested parties in evaluating all three of the Company's DR programs for 2014 and beyond.

#### **STAFF RECOMMENDATIONS**

Staff recommends the Commission approve the Second Amendment to the Agreement between Idaho Power and EnerNOC.

Respectfully submitted this 17<sup>th</sup> day of April 2013.



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Weldon B. Stutzman  
Deputy Attorney General

Technical Staff: Nikki Karpavich  
Donn English

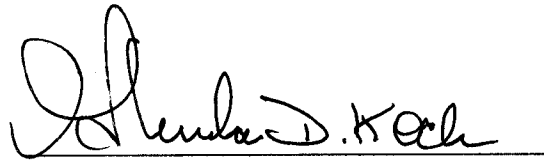
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 17TH DAY OF APRIL 2013, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-13-04, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

LISA D NORDSTROM  
REGULATORY DOCKETS  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
EMAIL: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

TAMI WHITE  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
EMAIL: [twhite@idahopower.com](mailto:twhite@idahopower.com)

  
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SECRETARY

CERTIFICATE OF SERVICE