

IN THE MATTER OF THE CONTINUATION)	
OF IDAHO POWER COMPANY'S A/C COOL)	CASE NO. IPC-E-13-14
CREDIT, IRRIGATION PEAK REWARDS,)	
AND FLEXPEAK DEMAND RESPONSE)	NOTICE OF
PROGRAMS FOR 2014 AND BEYOND)	PROPOSED SETTLEMENT
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32906

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2013 based upon Idaho Power's 2013 Integrated Resource Plan ("IRP"). More specifically, the 2013 IRP showed that the peak-hour projected loads for the summer months of 2013, 2014, and 2015 did not show a "peak-hour deficit until July 2016 and therefore [there was] no need [to employ] peak-hour demand response programs" like the A/C Cool and Peak Rewards programs. The Company relied on the same rationale for amending the Peak Rewards contract.

The settlement approved in Order No. 32776 also provided that residential customers participating in the A/C Cool Credit program be provided a "continuity" payment of \$1.00 per month for the three summer months of 2013. The settlement also provided for continuity payments for those irrigation customers voluntarily participating in the four Peak Reward options. In addition to continuity payments, the parties requested that the Commission schedule an informal prehearing conference to set public workshops and develop a procedural schedule so that the parties and other interested persons may evaluate changes to the demand response programs for calendar year 2014 and beyond. The Order approving the temporary suspension directed Staff to convene an informal prehearing conference for the parties to develop a schedule for the public workshops. Order No. 32776 at 8.

Order No. 32805—FlexPeak

In the FlexPeak Order, the Commission approved changes to the program which will reduce the cost of the program by about \$500,000 for 2013. Order No. 32805 at 3. As with the A/C Cool and Peak Rewards programs, the Commission directed that the public workshops also address "how to continue the FlexPeak program in the future." *Id.* at 4. In accordance with the Orders mentioned above, an informal prehearing conference was scheduled to further evaluate the three demand response programs. The Commission also directed that those entities already granted intervention would be parties in the new case. Order No. 32776 at 8.

B. Proceedings in this Case

As noted above, the prior Orders directed the parties to convene an informal prehearing conference to schedule public workshops. The prehearing conference occurred on June 12, 2013. A series of five public workshops then occurred between July 10 and August 27, 2013. Workshop participants discussed how the Company includes DR in its IRP, how it calculates cost-effectiveness, the purpose of DR, and DR programs and their operational design.

The last workshop also included settlement discussions that culminated in the proposed settlement. *See* Notice of Informal Prehearing Conference, and Notices of Public Workshops.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that on October 2, 2013, Idaho Power Company filed a Settlement Agreement and proposed tariffs, along with a Motion and testimony that ask the Commission to approve them. The Company's filing is about 85 pages long, and interested persons may review it at the Commission's offices or on the Commission's web site. Further instructions for viewing the filing are provided below.

YOU ARE FURTHER NOTIFIED that the parties to this case included Idaho Power, Commission Staff, the Irrigators, ICL, SRA, EnerNOC and the Industrial Customers of Idaho Power ("ICIP"). All parties except the ICIP signed the Settlement Agreement. A non-party—Idaho Power customer and workshop participant Mike Seaman—also signed. The signors believe the proposed settlement is fair, just and reasonable and in the public interest and that the Commission should approve it under Commission Rule of Procedure 274. *See* Idaho Power Company's Motion to Approve Settlement Agreement.

YOU ARE FURTHER NOTIFIED that, in summary, the Settlement Agreement proposes to fully resolve this case as follows:

A. DR Guiding Concepts

The Company will implement DR programs using the following concepts:

1. Use existing demand response resources when possible;
2. Offer demand response for all customer classes;
3. Keep costs as low as possible;
4. Reevaluate the value calculation as the IRP changes;
5. Take a long-term outlook;
6. Calculate avoided cost for demand response by using the avoided capacity cost of a 170 MW single-cycle combustion turbine multiplied by the effective load carrying capacity, measured over 20 years, plus corresponding deferred energy savings for 60 program hours;
7. Strive for consistency in dispatch requirements across programs; and

8. In addition to reducing peak loads, DR may be used for load following, non-spinning operating reserves, improved reliability during emergencies, and flexibility to address delays in building new supply-side resources. By the 3rd quarter of 2014, the Company will determine whether it is feasible to use DR as operating reserves and, if it is, the Company will work with Staff and stakeholders to develop a pilot program.

See Settlement Agreement at 3-4.

B. DR Valuation

The Company will use a minimum deferred resource of 170 MW when calculating DR value. The annual value of DR equals the levelized annual cost of the minimum size deferred resource, measured over 20 years, plus the corresponding deferred energy savings for 60 program hours. The Company's DR portfolio presently is valued at \$16.7 million. *Id.* at 4-5.

C. Specific DR Programs

The Settlement Agreement discusses three DR Programs: (1) A/C Cool Credit; (2) Irrigation Peak Rewards; and (3) FlexPeak Management. If a system emergency occurs, DR capacity from each program will be available for immediate dispatch. Program specifics include:

A/C Cool Credit Program

The A/C Cool Credit Program is available from June 15 through August 15, Monday through Friday. Participants receive a \$15 bill credit for the season. Participants include presently enrolled residential customers with an installed load-control device. The Company will try to replace currently installed paging devices with Advanced Metering Infrastructure ("AMI") compatible devices by June 2014. The Company will not actively market the program, but it will try to recruit customers who move into a home with a load-control device, or who were enrolled in the program but then moved to a home without a load-control device. The Company also will accept new participants upon request.

The Company need not notify participants before a dispatch event. Dispatch events may last up to four hours, but no more than 15 hours per week or 60 hours per season. Participants may opt out of two events per season. *Id.* at 5-6.

Irrigation Peak Rewards Program

The Irrigation Peak Rewards Program is available from June 15 through August 15, Monday through Saturday from 1:00 p.m. to 9:00 p.m. Participants receive a fixed incentive of about \$16 per kW per season. If more than three dispatch events occur, participants receive a

variable incentive of \$0.148 (or \$0.198 for the 9:00 p.m. option) per kWh. With the realization rate included, this results in a cost to the Company of about \$0.22 per kWh.

Participants may select three interruption options. The Company need not notify a participant before a dispatch event occurs if the participant selected Interruption Options 1 or 2, but the Company must provide at least four hours notice to participants who select Interruption Option 3. Dispatch events may last up to 4 hours, but no more than 15 hours per week or 60 hours per season. Participants may opt out of up to three events at \$5.00 per kW per event, and opt out of additional events for \$1.00 per kW per event. *Id.* at 6-7.

FlexPeak Management Program

The FlexPeak Management Program is available from June 15 through August 15, Monday through Friday from 2:00 p.m. to 8:00 p.m. Participants may receive a fixed incentive that will include at least three dispatch events. If more than three dispatch events occur, participants will receive a variable incentive. The Company will notify participants at least three hours before a dispatch event occurs. Dispatch events may last up to 4 hours, but no more than 60 hours per season. *Id.* at 7-8.

YOU ARE FURTHER NOTIFIED that Idaho Power's Motion to Approve Settlement Agreement and its attachments, including the Settlement Agreement, proposed tariffs, and testimony in support of the settlement have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-124, 61-125 , 61-129, 61-622 and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings in this case and finds that the public interest may not require a formal hearing in this matter. Accordingly, this matter will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201-.204. Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position concerning the Settlement Agreement or issues in this case must file a written comment in support or opposition with the Commission **no later than 21 days from the service date of this Order**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing should be mailed to the Commission, the Company, and other parties at the addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Idaho Power Company:

Julia Hilton
Lisa D. Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-Mail: jhilton@idahopower.com
lnordstrom@idahopower.com

Idaho Irrigation Pumpers Association, Inc.:

Eric L. Olsen
Racine, Olson, Nye, Budge &
Bailey, Chartered
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PO Box 1391
Pocatello, ID 83204-1391
E-mail: elo@racinelaw.net

Idaho Conservation League:

Benjamin J. Otto
Idaho Conservation League
710 N. Sixth Street
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Snake River Alliance:

Ken Miller
Snake River Alliance
PO Box 1731
Boise, ID 83701
E-mail: kmiller@snakeriveralliance.org

Industrial Customers of Idaho Power:

Peter J. Richardson
Richardson Adams, PLLC
515 N. 27th Street
PO Box 7218
Boise, ID 83702
E-mail: peter@richardsonadams.com

EnerNOC, Inc.:

Melanie Gillette
Director, Regulatory Affairs
115 Hazelmere Dr.
Folsom, CA 95630
E-mail: mgillette@enernoc.com

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Consumers" tab, scroll down and click on "Utility Case Comment or Question Form," and then complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Company and parties at the e-mail addresses listed above.

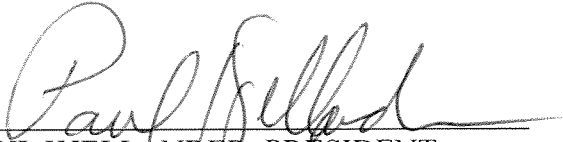
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and

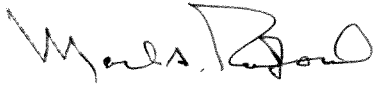
enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this matter shall be processed through Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments about the Settlement Agreement or issues in this case must do so no later than 21 days from the service date of this Order.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th day of October 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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