

**Comments of the Snake River Alliance**  
**In the Matter of the Continuation of Idaho Power Company's A/C Cool Credit, Irrigation Peak Rewards, and Flex Peak Demand Response Programs for 2014 and Beyond**

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**Submitted by**  
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**October 30, 2013**

The Snake River Alliance appreciates the opportunity to comment in this docket regarding the Continuation of Idaho Power Company's A/C Cool Credit, Irrigation Peak Rewards, and Flex Peak Demand Response [DR] Programs for 2014 and Beyond.

The Alliance recommends that the Idaho Public Utilities Commission approves the Settlement Agreement, and hopes that in so doing, the Commission makes clear its ongoing expectation that demand response ("DR") programs remain an important component in Idaho Power's long-term plans to meet its approaching capacity requirements.

The Alliance is pleased to have been a party to the Settlement Agreement in this case and we support Commission approval of the agreement as being in the best interest of Idaho Power customers. We congratulate not just the parties in this docket, but *all* stakeholders who participated in what evolved into a rigorous series of daylong workshops, reflecting the commitment of all stakeholders to a successful outcome. In our view, the workshops and other meetings associated with this agreement reflect a spirit of cooperation not always seen in utility cases, and we commend all participants for their willingness to seek agreement and for their commitment of time needed to reach this Settlement. We were particularly pleased with the extent to which Idaho Power DSM staff and Idaho PUC and Oregon PUC staff participated in working with parties to reach this agreement, and we believe Commission approval of the Settlement will bring long-term savings to Idaho Power customers who will benefit from programs that reduce energy demand while at the same time reducing the need for additional supply side resources.

Resumption of these important DR programs not only resumes the benefits that they deliver; it also allows for continued adjustments to the programs over time to ensure that they are providing the maximum potential demand response while at the same time providing opportunities to Idaho Power customers who want to "do their share" to reduce the need for new generation. This agreement also provides Idaho Power with additional flexibility to dispatch its DR programs with a reduced lead time, making them even more valuable.

The Snake River Alliance also participated in Case No. IPC-E-12-29, the precursor to this case. While we were disappointed in the resolution of IPC-E-12-29, we participated in the discussions

that resulted in the creation of this case and concur that, given the circumstances confronting the Commission in both cases, this is a good outcome. As a party to IPC-E-12-29, we suggested that the Flex Peak demand response program be added to the present case so all demand response programs could be considered as Idaho Power and its stakeholders decide how to move forward and reconstitute all of its DR programs.

The importance of Idaho Power's DR programs cannot be overstated. The Alliance is a strong believer in the value of electric utility demand-side management programs, and in this case we strongly supported maintaining a robust demand response regime that can benefit utilities and their customers in helping to avoid or defer the need for new peaking resources. We were disappointed that Idaho Power determined the best course of action for the 2013 DR season was to suspend both the A/C Cool Credit and Irrigation Peak Rewards programs, particularly given that the reason for the suspension of these clean energy programs was the introduction of a 330MW natural gas combined-cycle turbine that rendered the DR programs unnecessary – at least in the opinion of Idaho Power. While the debate over the necessity of the Langley Gulch plant is long past, we continue to question the wisdom of shutting down a demand response regime capable of producing 438 MW of peak reduction capacity (Idaho Power IRP at P. 40) in favor of a natural gas resource. In fact, according to information provided during the course of the development of Idaho Power's 2013 IRP, significant DR resource potential is not being used, and from all appearances the reason those resources are not being used for the immediate future is the arrival of a new thermal supply-side resource.

Langley Gulch may well have future utility, particularly as a firming resource to help integrate additional clean energy resources, but since it went on-line in 2012, it has had the effect of supplanting proven DR programs, essentially adding to Idaho Power's greenhouse gas emissions while emission-free resources sat idle. During its experience of consecutive peak power demands in July 2013, Idaho Power issued a news release that said in part: "Idaho Power's newest generation resource, the Langley Gulch Power Plant, helped satisfy the record electricity demand during the triple-digit heat..." It is worth asking whether Langley Gulch would have been given such credit had Idaho Power's DR programs been available to dispatch. It is a bit of a stretch to tell customers that a \$400 million gas plant helped save the day by meeting peak loads, when DR programs presumably could have done the same thing for considerably less had they been available. We suggest that the Commission ensure that, in the event DR programs are presumed to be unnecessary at certain times in future years, that they nonetheless be available to be called upon if necessary. That is, after all, what DR programs are designed for.

But the summer of 2013 is behind the company and its customers and it is now most important to look forward to how these programs will be implemented in 2014.

If IPC-E-13-14 workshop participants agreed on one thing, it is that DR programs should be available to all customer classes, and that the programs must not be interrupted from year to year in the future. We may never know how many DR customers will not return to their programs once those programs resume in the summer of 2014, but workshop participants agreed there will certainly be some attrition because many customers do not see the point in voluntarily participating in a program that was administrated in an erratic fashion as in this case, active one year and dormant the next. Workshop participants agreed that continuity in these programs is important, and that is one reason the Alliance supported the negligible incentives paid to customers in 2013 – in hopes of reducing the number of A/C Cool Credit participants who might permanently abandon the program.

The Alliance also believes that the Commission should take note of the significant investments Idaho Power customers have made in the infrastructure required to support the shuttered DR programs. The physical assets – including those required to cycle the devices required for cycling – remain deployed across Idaho Power's service territory despite the fact they are not being used. To continue to let them remain idle would be a tremendous waste of utility customer investments.

The Alliance would have preferred that the duration of Idaho Power's DR programs had not been reduced from three months to two, as is proposed in the Settlement Agreement. We also would have preferred that the incentive payments remained where they were. The programs were deemed cost-effective before Idaho Power decided to suspend them, so trying to reduce Idaho Power's costs by cutting costs of its carbon-free DSM programs while simultaneously pouring customer dollars into its carbon-emitting generators in the face of an unknown regulatory climate strikes us as an upside-down use of utility assets and customer dollars. It also sends a confused message to Idaho Power's customers. And while we agreed to conditions that appear to reduce the recruitment of new participants into the A/C Cool Credit program, we encourage the Commission in its order to ensure that such limitations are not memorialized for an undetermined amount of time. We would be concerned if *all* residential customers are not allowed to participate in a program that appears to be popular and has the potential for such positive demand response results.

It is notable that Idaho Power's 2013 Integrated Resource Plan anticipates relying on DR programs for a large proportion of its projected load growth through 2032. For that to occur, Idaho Power must redouble its efforts to expand its DR programs rather than restricting them whenever it adds a thermal resource to its supply-side fleet. The Alliance believes it was the sense of most workshop participants that Idaho Power's DR program continues to expand rather than be stifled due to an excess of supply-side resources. Inasmuch as Idaho Power expects capacity deficits by or around 2016, it is important to not only maintain these proven DR

programs, but also to ensure others will be in place in order to meet capacity deficits as projected in the 2013 IRP.

Again, the Alliance appreciates the opportunity to submit these comments as the Commission deliberates case No. IPC-E-13-14, and we appreciate the opportunity to participate in this docket as a party with our other stakeholders. We believe this process proved effective and constructive, and we hope that it can be replicated in future cases in which the Commission determines stakeholders can attempt to resolve their differences.

Respectfully submitted,



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