



SNAKE RIVER ALLIANCE

IDAHO'S NUCLEAR WATCHDOG & CLEAN ENERGY ADVOCATE

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IDAHO PUBLIC
UTILITIES COMMISSION

December 22, 2014

To: Idaho Public Utilities Commission

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: IPC-E-14-38 - Snake River Alliance Comments In the Matter of The Application of Idaho Power Company For Authority to Fund Its Continued Participation in the Northwest Energy Efficiency Alliance Through the Energy Efficiency Rider for the Period 2015-2019.

On behalf of our members throughout Idaho Power's service area and pursuant to Commission Order No. 33185, the Snake River Alliance appreciates the opportunity to provide its comments on Idaho Power's application to continue its funding of the Northwest Energy Efficiency Alliance (NEEA) through the existing Energy Efficiency Rider.

The Application

As noted in the Commission's Order 33185, this is Idaho Power's fourth request to authorize its continued participation in NEEA. In the prior three applications, the Commission deemed Idaho Power's NEEA participation prudent. With some reservations as described more fully below, the Alliance believes this instant application for continued NEEA participation, proposed to be funded by the Energy Efficiency Tariff Rider, is also prudent and we recommend that the Commission approve Idaho Power's application.

Idaho Power asserts that its current application describes the main components of the NEEA Business Plan for 2015-2019. Idaho Power identifies the NEEA activities that the Company believes will benefit its customers most, including: (1) Activities of the University of Idaho Integrated Design Lab; (2) Top Tier Trade Ally Advanced Training; (3) Commercial lighting initiatives, (4) Residential retail product portfolio and (5) Residential new construction. Idaho Power estimates its 5-year funding will be \$13,450,835, or 8.97 percent of NEEA's \$145-\$165 million budget for 2015-2019.

NEEA is a nonprofit entity funded by Northwest utilities, the Energy Trust of Oregon, and the Bonneville Power Administration to promote energy efficiency throughout the Northwest through market transformation initiatives and by leveraging its energy efficiency investments with those of its partner funders. Idaho Power states in its application (P. 5) that the total resource cost target for NEEA's portfolio is equal to or less than 3.5 cents per kilowatt-hour.

NEEA is deservedly recognized for helping to secure significant energy savings since 1997. Idaho Power states in its application (P. 2) that its participation in NEEA “enables it to influence the direction of NEEA’s activities to bring direct benefit to its customers. From 1997-2013, Idaho Power’s allocated portion of NEEA savings was 246,753 megawatt-hours or 28.2 aMW.”

Alliance Comments

Idaho Power’s current application is distinguished from its prior NEEA funding applications in large part by the Company’s original plan to cease its NEEA funding – a stance the Alliance strongly opposed and one that drew similar concerns by Idaho Power’s regulators in both Idaho and Oregon. Idaho Power acknowledges that its participation in NEEA delivers significant savings to its customers.

While we credit Idaho Power and NEEA with successfully negotiating elements of accountability resulting in a Regional Energy Efficiency Agreement, we have been troubled by Idaho Power’s initially balking at continuing to fund NEEA. All Idahoans benefit from NEEA’s innovative, market-transforming, energy-saving programs regardless of which utility serves them. Until the Regional Energy Efficiency Agreement was crafted, Idaho Power’s approach was that it could better implement energy efficiency measures targeted specifically to its customers. Still, the Alliance believed that severing its ties to NEEA conflicted with the notion of a region-wide energy efficiency entity.

Idaho Power has chosen not to fund certain programs and activities:

- Existing building renewal and commercial real estate, \$627,730;
- Industrial technical training, \$138,076;
- Specific market transformation activities including marketing resources, market channel development, and stakeholder support and coordination (as defined in Appendix 12 of the NEEA 2015-2019 Business Plan) for all initiatives, estimated at \$794,388;
- Associated administrative expenses, \$119,126.

Furthermore, as a condition of its continued NEEA participation, Idaho Power notes in its application (P. 8) that early termination of the agreement is possible in any of three instances: 1) If regulatory bodies disallow recovery of expenses incurred in the Agreement; 2) “upon the implementation of restructuring legislation or other legislation which eliminates the responsibilities of Idaho Power to provide benefits under a public purpose charge;” and 3) if there is a change to NEEA Bylaws to which Idaho Power does not agree.

We are not aware of any prospective legislation that would liberate Idaho Power from “responsibilities to provide benefits of a public purpose charge,” nor can we envision circumstances to trigger such legislation.

In direct testimony (P. 3) Idaho Power Senior Vice President of Customer Operations Warren Kline said that “Idaho Power can better leverage its market transformation investment by building on NEEA’s pooled resources suppliers, market research and program design in the four-state area.” Mr. Kline further

stated (P. 4) that, "Idaho Power's participation in NEEA enables it to influence the direction of NEEA's activities to bring direct benefit to Idaho customers." We agree, and that being the case we were alarmed when Idaho Power signaled its preference for an "a la carte" approach in which it decides which programs to participate in through its funding, as described by Mr. Kline (P. 5): "After several years of discussion between Idaho Power and NEEA to develop a lower cost/higher value funding mechanism failed to yield results, Idaho Power gave notice of its intent to cease participation once the 2010-2014 funding cycle ended." Mr. Kline added: "Idaho Power believed that some of the programs and services offered under the NEEA funding model duplicated services that the Company could perform at a lower cost of more effectively."

We are relieved that "multiple meetings were held between NEEA's executive team members and Idaho Power representatives during 2013 to further explore Idaho Power's desire to optimize the value derived from NEEA on behalf of its customers." Ultimately, those meetings and the NEEA Alternative Funding Model Working Group Committee led to revisions to NEEA's Business Plan and funding model that were acceptable to Idaho Power, which we believe is committed to a robust energy efficiency regime.

Conclusion

The Alliance has been and continues to be a strong supporter of NEEA's market transformation efforts, which benefit all utility customers in the Northwest, including those of Idaho Power. We are grateful that Idaho Power was able to reconsider its earlier decision to withdraw its NEEA funding upon the end of the 2010-2014 funding cycle. The Alliance appreciates this opportunity to provide its views on this important issue, and we recommend that the Commission approve Idaho Power's application.

Respectfully submitted,

Ken Miller
Snake River Alliance

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