

Benjamin J. Otto (ISB No. 8292)
710 N 6th Street
Boise, ID 83701
Ph: (208) 345-6933 x 12
Fax: (208) 344-0344
botto@idahoconservation.org

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF IDAHO POWER)	CASE NO. IPC-E-18-03
COMPANY FOR A DETERMINATION)	
OF 2017 DEMAND-SIDE)	IDAHO CONSERVATION LEAGUE
MANAGEMENT EXPENSES AS)	
PRUDENTLY INCURRED.)	COMMENTS

The Idaho Conservation League (ICL) submits the following comments regarding Idaho Power's 2017 Demand Side Management programs. Yet again Idaho Power's 2017 energy savings vastly exceed the "targets" the Company choose to include in the most recent Integrated Resource Plan. *Achenbrenner at 10*. More importantly, all customers benefit from this achievement. For each dollar spent on the Residential portfolio, the utility received \$2.69 in benefits and the entire body of customers received \$3.64 in benefits. *2017 DSM Report at 35*. The Irrigation portfolio performed even better, with \$1 of investment yielding \$4.78 in benefits to the utility and \$3.65 to all utility customers. *Id.* The Commercial and Industrial portfolio delivered a large portion of the overall savings, although at a slightly lower benefit to cost ratio of \$3.42 and \$1.81 of benefits per dollar invested for the utility and all customers respectively. *Id.* These results establish that energy efficiency programs continue to be solidly in the public interest and are a prudent use of ratepayer funds, especially since the "utility benefits" actually accrue to customers through lowering the cost of resources we all pay for. ICL recommends this Commission find prudent the investments made in 2017 and direct Idaho Power to continue to grow the depth and breadth of the efficiency portfolio.

While ICL recommends the Commission find Idaho Power's 2017 DSM investments prudent overall, we do have comments in a few specific areas: the Home Improvement Program, Multifamily Housing, Marketing, Municipal Water and School Cohorts, and assessing efficiency as a resource. Because these annual DSM reviews cover programs that operate for several years, ICL encourages the Commission to provide direction to stakeholders going forward to ensure the programs remain prudent and effective for all customers.

Home Improvement Program

One of the major changes during 2017 was Idaho Power ending the Home Improvement Program that provided incentives for residential insulation and windows. ICL notes that the Utility Cost Test, which measures the costs and benefits to the utility, shows \$2.54 in benefits for each dollar invested. *2017 DSM Report at 81*. Despite this cost effective result, Idaho Power suspended the program in 2017. ICL will not rehash the arguments put forth in IPC-E-17-03 concerning this issue, to which the Commission stated, "We are concerned that a cost effective program was discontinued." *Order No 33908 at 7*. ICL notes the 2017 DSM Report shows that one measure in the eliminated program – multifamily attic insulation - remains cost effective under both the Utility and Total Resource perspectives. *2017 DSM Report Supplement 1 at 29 (mislabel as floor instead of attic)*.

Multifamily Housing

Regarding multifamily housing, ICL is encouraged the pilot program started by Idaho Power in 2016 developed into a full-scale program in 2017. *2017 DSM Report at 84*. Multifamily housing is a particularly important sector for utility efficiency program because of the "split incentive" issue, whereby a landlord has little incentive to invest in efficiency improvements and

the tenant has little ability to do so on their own. Through the program, Idaho Power provides tenants efficient light bulbs and measures to reduced hot water demand. But the program does not include the known to be cost effective attic insulation, a measure that delivers \$3.90 and \$1.33 to the utility and all customers respectively for each dollar invested. *2017 DSM Report Supplement 1 at 29 (mislabel as floor instead of attic)*. ICL recommends the Commission remind Idaho Power of their obligation to pursue all cost effective energy efficiency, which should include, at a minimum, ensuring measures the Company knows are cost effective from multiple perspectives are included in existing programs that target the same customer sector and end use.

Marketing

Another trend in 2017 was Idaho Power's continued expansion of efficiency marketing efforts. ICL strongly supports this improved effort because programs without participants do not benefit anyone. The 2017 DSM Report documents a continual expansion of Idaho Power's marketing efforts. But the Report does not document how these efforts translate into an increase in program participation by customers. Idaho Power does include information about customer satisfaction surveys. *2017 DSM Report at 35 – 36*. ICL notes two things. First, whether person is "satisfied" is not a meaningful metric because it is an ambiguous word that relies completely on individual perceptions. Second, the survey does include a more meaningful metric, 44% of surveyed customers participated in efficiency programs. Percentage of customers participating in programs is a meaningful metric because it measures an activity, not a perception, that is the main goal of the entire DSM program. While 44% participation is a good start, this also indicates a vast potential to increase participation by engaging more effectively with customers. ICL recommends the Commission continue to encourage Idaho Power to promote efficiency

programs and work with the Energy Efficiency Advisory group and other experts to devise strategies and tactics that lead to energy savings, not merely customers reporting “satisfaction”.

Municipal Water Supply and School Building Cohorts

Another positive trend in 2017 was Idaho Power’s extension of the Municipal Water Supply and Schools cohort programs. *2017 DSM Report at 122 – 123*. These innovative programs bring together peer groups of people who actually operate water supply systems and school buildings. Through coaching, sharing best practices, energy use benchmarking, and technical assistance, Idaho Power is encouraging low cost savings through behavioral changes, as well as educating facility owners to consider deeper energy saving opportunities. ICL is particularly encouraged by these programs because improving efficiency in both of these sectors leads to broad public benefits through reduced water supply costs for citizens and better schools for Idaho’s kids. ICL recommends the Commission specifically acknowledge the importance of the cohort programs and encourage Idaho Power to expand partnerships with municipalities and school districts.

Assessing Efficiency as a Resource

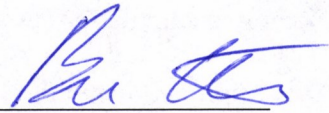
ICL’s final comment regards the metrics used to measure whether an efficiency program is cost effective resource. For several years now Idaho Power, the Idaho PUC Staff, and ICL have engaged in a debate about the most appropriate “test” to compare the costs and benefits of an efficiency program. Idaho Power has traditionally used the “Total Resource Cost Test” that purports to capture the costs and benefits for the utility and all customers. ICL recommends the other most common method known as the “Utility Cost Test”, which is the primary test used by Utah and Texas to ensure utilities pursue least cost resources for customers. ICL supports the

UCT because it focuses on costs (incentives and administration) and benefits (avoided energy and capacity) controlled by the utility. Further, although called “utility benefits” in fact this test measures a customer benefit as utilities pass through their costs and benefits to consumers. Meanwhile the Total Resource Cost Test layers on top of the UCT the incremental costs and benefits to the program participant--something the utility has little control over and that have unique values to each participant. These assumptions make the Total Resource Cost Test complex, uncertain, and ultimately not accurate. In the words of the Idaho Commission, “We find the UCT more accurately assesses the value of energy efficiency as a resource. Moreover we have previously approved using the UCT as the primary determinant of cost-effectiveness.” *Order No. 33766 at 5, Order No. 33769 at 9.*

Despite these clear statements from the Commission in 2017, Idaho Power here cites Order 33365, issued two years before, and states, “the Company remains committed to evaluating program performance under all three metrics.” *Aschenbrenner at 20-21.* The third metric Idaho Power refers to is the Participant Cost Test, which measures the costs and benefits specific to the customer participating in the program. ICL agrees that assessing efficiency programs from a variety of perspectives is important – during program design. For example, comparing the results can inform whether incentive levels should be adjusted to either reduce costs for the utility, and improve the UCT result, or increase incentives to customers, and improve the PCT result. But program design is a different issue from whether the program is a cost effective resource for the utility to pursue. As the Commission clearly stated in 2017, all three perspectives have value, but “We find the UCT more accurately assess the value of energy efficiency as a resource.” *Order No 33766 at 5.*

Here, in determining the prudence of Idaho Power 2017 DSM investments, ICL recommends the Commission provide clarity to all parties that the UCT is the threshold test to assess the value of efficiency as a resource and that the Commission will look to the specific activities to determine if Idaho Power acquired the resource in a prudent manner. This approach aligns with the consideration of supply side resources and ensures the utility pursues the most cost effective resource for customers.

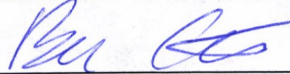
Respectfully submitted this 19th day of July 2019,



Benjamin Otto
Idaho Conservation League

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of June 2018, I delivered true and correct copies of the foregoing COMMENTS to the following persons via the method of service noted:



Benjamin J. Otto

Hand delivery:

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
427 W. Washington St.
Boise, ID 83702-5983
(Original and seven copies provided)

Electronic Mail:

Idaho Power
Julia A. Hilton
Connie Aschenbrenner
Regulatory Dockets
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
jhilton@idahopower.com
caschenbrenner@idahopower.com
dockets@idahopower.com

Industrial Customers of Idaho Power
c/o Peter J. Richardson
Richardson Adams, PLLC
515 N. 27th St
P.O. Box 7218 Boise, Idaho 83702
peter@richardsonadams.com

Dr. Don Reading
6070 Hill Road Boise, Idaho 83703
dreading@mindspring.com

Idaho Irrigation Pumpers Association
Eric L. Olsen
ECHOHAWK & OLSEN, PLLC
505 Preshing Ave., Suite 100
P.O. Box 6119
Pocatello, Idaho 83205
elo@echohawk.com

Anthony Yankel
12700 Blake Avenue, Unit 2505
Lakewood, Ohio 44107
tony@yankle.net