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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO DISCONTINUE ITS DESIGN EXCELLENCE AWARD PROGRAM. | )))))) | CASE NO. IPC-E-97-2COMMENTS OF THECOMMISSION STAFF |

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Brad Purdy, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued on April 3, 1997, submits the following comments.

On February 25, 1997, the Idaho Power Company (Idaho Power; Company) filed an application for Authority to Discontinue the Company’s “Design Excellence Award Program” (DEAP).  A Notice of Modified Procedure was issued on April 3, 1997, directing interested parties to file comments on the Application.  Staff supports the Company’s Application to discontinue the program and offers the following comments in support of its position.

On December 20, 1989, the Commission issued Order No. 22893 approving Idaho Power’s Application for authority to implement the DEAP; a program instituted for the purpose of introducing and fostering the use of energy modeling software into the design of new and major retrofit commercial buildings.  The DEAP accomplishes its objectives by (1) funding the initial purchase of energy modeling software; (2) providing training on the basics of energy modeling in design; (3) providing standards of reasonable beginning efficiency levels for consideration; (4) working with participants to develop an efficient report format for transferring the results to their customers; and (5) paying an incentive to the participating design professional for modeling performed under the program to encourage incorporating energy efficiency into the building design.  The payments to the design professional range from $1,500 to $4,500 depending on the project.  A summary of the annual program costs, savings, and numbers of participants is attached to these comments as Exhibit 1.

The Company contends that the design firms that have participated in the DEAP have now gained the necessary experience to efficiently utilize the energy modeling software in their possession.  Since the inception of the DEAP, Idaho Power asserts, 12 firms have performed 75 percent of the energy modeling.  In the last two years, there has only been one new design firm participating, and  that firm submitted just one DEAP package.  Thus, the Company contends, discontinuing the DEAP will not remove the energy modeling software from the design professionals who have it in their possession, nor will it affect the experience they have developed.  The Company asserts that the skill and experience gained through the DEAP will enable the design professional community to offer energy modeling to customers based on market demand.  Staff agrees.  However, Staff recommends that the Company be required to continue to maintain the capability to provide technical support for users of the modeling software in the event assistance is requested.  In addition, Staff also believes the software should continue to be made available to any new design firms who request it.  If the Company’s claims about the market being transformed are indeed true, then the amount of effort needed to maintain a similar level of support should be minimal, and therefore not burdensome to the Company.

Although Staff does not oppose the Company’s request to discontinue the program, we do have some concern that Idaho Power will be left with no means to insure energy efficient design in commercial buildings.  Hopefully, the market has been transformed, but in the absence of DEAP or a similar program offered through the Northwest Energy Efficiency Alliance, there is little to encourage efficient design until a commercial energy code can be put in place to mandate it.  In its application, Idaho Power states that the next step for consideration is the implementation of a commercial building energy code by the Idaho Legislature when it is deemed that such legislation should be implemented in the state of Idaho.  Staff is aware that a diverse group of stakeholders, including representatives from industry, utilities, product manufacturers, government, engineers, architects, and developers have recently worked to develop a commercial energy code for Idaho intended to meet the requirements of the Energy Policy Act of 1992.  The Act directed the states to certify that a commercial energy code that meets or exceeds the requirements of the American Society of Heating, Refrigeration, and Air Conditioning Engineers Standard 90.1-1989 is in place.  After the state of Idaho requested an extension of the 1994 compliance deadline, a general extension was made for all states until the year 2000.  Legislation to implement Idaho’s Commercial Building Energy Code was not introduced this past session.  Staff supports implementation of a commercial energy code, and believes that it ultimately presents the best means for insuring continued energy efficient commercial building design.

Idaho Power notes that DEAP activity continued to decline in 1996.  During that year, the Company certified approximately 30 buildings completed under the program but only four of them were primarily heated by electricity.  Consequently, much of the energy savings attributable to the program are in the form of reduced natural gas usage.  The Company contends that an electric utility should not continue funding a conservation program which results in savings primarily in the form of natural gas, particularly in light of the restructuring of the electric industry.  Staff agrees.  While savings in the form of natural gas are beneficial to society as a whole, it should not be the responsibility of electric utilities to provide incentives to acquire them.

According to Idaho Power in its application to discontinue the program, in 1996 almost $98,000 in program payments were deferred under the DEAP with all of the deferred amount attributable to payments made for performing computerized energy analyses of design alternatives.  Staff believes that this is not an opportune time for the Company to continue to add to its deferred accounts.  Any addition to deferred accounts increases the Company’s stranded cost exposure.  Staff believes a different cost recovery mechanism, other than deferral, is needed for any ongoing or new conservation programs in order to lessen the risk that investments made now will be recoverable in the future. Staff’s position is consistent with that taken recently in Case No. IPC-E-96-22; Idaho Power’s application to discontinue its PIE program.  Arguments in support of this position were discussed in detail in that case in Staff comments filed in response to a petition for reconsideration.

If the Commission agrees to terminate the DEAP program, Staff recommends that Idaho Power be required to notify the known design firms which have participated in the program and provide those firms up to two months to submit any new designs for review.  Any project submitted during this period would be processed for possible DEAP participation.

Although Staff supports Idaho Power’s request to terminate the program, Staff believes it is likely that there are still opportunities for cost effective conservation savings in the commercial sector.  Staff believes that the Commission should encourage the Company to continue to investigate commercial conservation opportunities and pursue those which are cost effective, whether through the Company’s participation in the Northwest Energy Efficiency Alliance or through other future programs.

DATED  at Boise, Idaho, this            day of April 1997.

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Brad Purdy

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