

Idaho Public Utilities Commission

Case No. IPC-E-12-29, Order No. 32776

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Two IPC demand response programs ramped down for 2013

The Idaho Public Utilities Commission is allowing Idaho Power Company to considerably ramp down two of its demand response programs, a compromise from the company's initial application to suspend the programs for 2013. The ramped-down programs will give the commission and interested parties one year to review how the programs should be designed in the years ahead.

The two programs impacted by this commission order are only a portion of the 20 programs devoted to demand-side management.

The programs, one geared toward residential customers and the other toward irrigators, provide financial incentives to customers to not use power during those time periods when demand on Idaho Power's generation system is at a peak. Due primarily to the economic downturn, Idaho Power now claims its generating plants can meet peak demand in the summer months until at least through 2016, eliminating the need for the programs.

Under the "A/C Cool Credit" program, residential customers who signed up were credited \$7 for each of three summer months to allow Idaho Power to remotely cycle air conditioners on and off during peak periods. Under the "Irrigation Peak Rewards" program, Idaho Power was able to turn off irrigation pumps through the use of an electric switch connected to customers' electrical panels.

Idaho Power claims it has enough generation to meet peak demand and that suspending the programs would save customers the approximate \$5.5 million it spent during 2012 on the A/C Cool Credit program and \$12.3 million on Irrigation Peak Rewards. The costs of the programs are passed on to customers through the annual Power Cost Adjustment (PCA) surcharge updated every June 1.

Instead of suspending the programs entirely, the commission adopted a negotiated settlement that provides a "continuity payment" of \$1 per month to residential customers during three summer months who have been participating in the A/C Cool Credit program, even though air conditioner cycling will not occur. Participating irrigators will also receive continuity payments, but the payment amounts vary depending on which Peak Reward option irrigators chose. It is hoped those payments will incent customers from not dropping out while the programs are reviewed.

“We find that providing continuity payments as proposed for both residential and irrigation participants for 2013 adequately balances the need to maintain the two demand response programs while the commission and the parties evaluate the programs for 2014 and beyond,” the commission said. “We also appreciate the thoughtful comments offered by customers about encouraging and maintaining participants,” in the programs.

“We are disappointed that the company proposed to discontinue their use completely,” the commission said, noting that reducing peak summer loads lessens Idaho Power’s reliance on buying power or building new generation resources. “Valuable time and resources were used to develop effective ... programs, and we do not want to impair the effectiveness of these programs in the future when the company’s peak loads surpass its supply resources.” The commission agreed with one customer who said it may be cheaper for the company to cycle air conditioning units than to purchase or generate power from its own resources.

The commission said it also found merit in one customer’s comment about using the programs to respond to unforeseen emergencies. “Although the company does not believe it will need to use these programs in 2013, we doubt that it has perfect foresight.”

The commission will open a new docket to evaluate both programs for use in 2014 and beyond. Attorneys for staff will soon convene an informal conference to propose a timeline for processing the new case.

The “A/C Cool Credit” and “Irrigation Peak Rewards” programs were created in 2003 and 2004, respectively. During 2012, the two programs and another program targeted to commercial and industrial customers reduced demand on Idaho Power’s system by 367 MW.

Parties to the settlement include Idaho Power, commission staff, Snake River Alliance, Idaho Conservation League and the Idaho Irrigation Pumpers Association.

A full text of the commission’s order, party and public comments and other documents related to this case, is available on the commission’s Web site at www.puc.idaho.gov. Click on “File Room” and then on “Electric Cases” and scroll down to Case Number IPC-E-12-29.

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