

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 15, 2001**

REGULAR AGENDA__ CONSENT AGENDA X EFFECTIVE DATE June 18, 2001

DATE: June 6, 2001
TO: Phil Nyegaard through Lee Sparling and Jack Breen
FROM: Lynn Kittilson
SUBJECT: PacifiCorp, Advice No. 01-012
Enhanced Commercial/Industrial Energy Efficiency Programs

SUMMARY RECOMMENDATION:

I recommend that the Commission allow PacifiCorp's proposed tariff revisions in Advice No. 01-012 to go into effect on June 18, 2001.

DISCUSSION:

PacifiCorp (Pacific or company) submitted Advice No. 01-012 on May 23, 2001 with an application to waive statutory notice. The purpose of the filing is to implement enhancements and administrative revisions to the company's commercial and industrial (C/I) energy efficiency programs offered on Schedules 115, 116, and 125. On June 5, 2001, the company filed a replacement sheet to correct an omission in the original filing. The filing is proposed to go into effect on June 18, 2001.

Pacific recently undertook a review of its C/I energy efficiency programs with the goal of proposing program modifications that would improve customer participation and increase energy and peak savings. The following principles guided Pacific in proposing the modifications to Schedules 115, 116, and 125 included in the filing:

- Increase the number of measures receiving prescriptive incentives to speed market penetration and reduce engineering time.
- Focus on prescriptive measures that have on-peak capacity savings in addition to energy savings.
- Add an explicit price for kW reductions in addition to kWh savings for customers participating in the Energy FinAnswer program (Schedule 125) for comprehensive projects and new construction.
- Complement/support the regional beverage vending machine controls effort.
- Use national standards for prescriptive measures and tie to regional or national efforts.
- Respond to the regional power crisis by adding a short-term incentive for projects that are completed by December 31, 2001.
- Incorporate several administrative changes to increase participation and reflect market drivers.

The major C/I program and tariff revisions proposed in Pacific's filing include:

Schedule 115—Small Retrofit Incentive Program

1. Rebates for new cost-effective measures (premium efficiency motors, lighting, HVAC, traffic signals, and beverage vending machine occupancy sensor controls) were added to the incentive tables.
2. A short-term incentive of 25% of the incentive amount was added for projects installed by December 31, 2001. Total incentive payments to the customer (base incentive, short-term incentive, and the company's business energy tax credit pass-through) will be capped at 100% of project costs.
3. The incentive calculation methodology for measures not included on the incentive tables was revised to allow a higher percentage of savings and costs to be used.

Schedule 116—Large Retrofit Incentive Program

1. Rebates for mechanical measures were added to the incentives for lighting measures currently included on Schedule 116. The measures and incentives match those offered on Schedule 115 with the exception of traffic signals and beverage vending machine occupancy sensors, which are not included.
2. The short-term incentive was added for projects installed by December 31, 2001.
3. The incentive calculation methodology for measures not included on the incentive tables was revised to allow a higher percentage of savings and costs to be used.

Schedule 125—Energy FinAnswer with Incentive Program

1. A \$50 per kW incentive was added to encourage projects that reduce demand as well as energy during the company's on-peak hours.
2. The short-term incentive was added for projects installed by December 31, 2001.
4. The loan option was removed from the program due to lack of customer participation with loans after incentives were offered beginning in 2000.
5. A commissioning "opt-out" provision was added that provides a 20% lower incentive for projects that are not commissioned.

Pacific's filing includes workpapers that demonstrate that the proposed C/I program revisions are cost-effective for all three tariff schedules. The filing also includes evaluation plans for each of the C/I programs.

STAFF RECOMMENDATION:

Staff has reviewed Pacific's Advice No. 01-012 and believes the proposed program modifications are reasonable and will result in additional cost-effective energy and peak savings for the company. I recommend that the Commission approve Pacific's application to waive statutory notice and allow the tariff sheets submitted in Advice No. 01-012 to go into effect on June 18, 2001.