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May 23, 2024

VIA E-MAIL TO

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Docket No. LC 84 - In the Matter of Idaho Power Company, 2023 Integrated Resource Plan.

Attention Filing Center:

Attached for filing in the above-referenced docket, please find Idaho Power Company's Final Reply Comments.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cole Albee".

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 84

In the Matter of:

IDAHO POWER COMPANY'S

2023 Integrated Resource Plan.

**IDAHO POWER COMPANY'S FINAL REPLY
COMMENTS**

May 23, 2024

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1 **I. INTRODUCTION**

2 Idaho Power Company (“Idaho Power” or “Company”) respectfully submits these Final
3 Reply Comments to the Public Utility Commission of Oregon (“OPUC” or “Commission”) regarding
4 the Company’s 2023 Integrated Resource Plan (“IRP”). These Final Reply Comments respond to
5 the final comments, recommendations, and expectations from Commission Staff (“Staff”)
6 regarding the 2023 IRP Action Items and future IRP analysis.

7 As further discussed below, Staff’s comments recommend the Commission’s
8 acknowledgement of the 2023 IRP Action Items and provide additional recommendations and
9 expectations for the Company to improve its IRP process and analysis in the future. Idaho Power
10 notes that this is the first time it has received both recommendations and expectations from Staff,
11 rather than just recommendations. In consultation with Staff, the Company understands an
12 expectation as an issue on which the Company and Staff can work informally to resolve and on
13 which the Commission will neither make a decision nor deliberate in determining IRP
14 acknowledgement. In contrast, recommendations require a final decision from the Commission
15 and represent a requirement for the Company to address and comply with in future IRPs. Idaho
16 Power appreciates Staff’s distinction between the function and purpose of recommendations and
17 expectations and responds to Staff in these Final Reply Comments accordingly.

18 Overall, the Company is grateful to Staff for thoughtful and constructive Final Comments
19 that reflect the deep level of inquiry applied by Staff in its review. Idaho Power is largely in
20 agreement with the recommendations and expectations provided in Staff’s Final Comments. The
21 Company attributes this general alignment to the well-structured process established by Staff to
22 work with and engage the Company during Staff’s review.

23 While the Company agrees with the majority of Staff’s Final Comments, the Company
24 offers additional context and commentary and, in limited cases, proposes alternative or modified
25 language for Staff’s recommendations and expectations.

II. STANDARD FOR ACKNOWLEDGEMENT

As an initial matter and to ensure that all parties are operating with the same information and historical context, Idaho Power provides the requirements for an IRP's standard of acknowledgement below. An IRP must: (1) evaluate resources on a consistent and comparable basis; (2) consider risk and uncertainty; (3) aim to select a resource portfolio with the best combination of expected costs and associated risks and uncertainties for the utility and its customers; and (4) create a plan that is consistent with the long-run public interest as expressed in Oregon and federal energy policies.¹ The primary goal of an IRP is to select the least cost/risk portfolio for the utility and customers.² To meet this goal, the Commission requires the IRP to analyze a planning horizon of "at least 20 years."³ While the fundamental goal of the IRP is the identification of the Preferred Portfolio, the Commission's guidelines also require the IRP to include an Action Plan that identifies the specific resource activities the utility intends to undertake in the next two to four years.⁴ When adopting the IRP guidelines, the Commission noted that, "in an IRP, the Commission looks at the reasonableness of individual actions in the context of the entire plan."⁵

When acknowledging an IRP, the Commission acknowledges only the Action Plan and does not acknowledge action items planned to occur more than four years in the future.⁶ Commission acknowledgment confirms that the Action Plan satisfies the procedural and

¹ *In re Idaho Power Company, 2013 Integrated Resource Plan*, Docket No. LC 58, Order No. 14-253 at 1 (July 8, 2014).

² *In re Pub. Util. Comm'n of Or., Investigation Into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002 at 5 (Jan. 8, 2007) (Guideline 1(c): "The primary goal must be the selection of a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and its customers.").

³ Docket No. UM 1056, Order No. 07-002 at 5.

⁴ Docket No. UM 1056, Order No. 07-002 at 12 (Guideline 4(n)).

⁵ Docket No. UM 1056, Order No. 07-002 at 25.

⁶ Docket No. LC 58, Order No. 14-253 at 12; *In re Idaho Power Company, 2011 Integrated Resource Plan*, Docket No. LC 53, Order No. 12-177 at 6 (May 21, 2012) ("We agree with Staff that the desired focus in the IRP is on actions over the next two to four years. We decline to acknowledge the long-term action items . . .").

1 substantive requirements of the Commission’s IRP guidelines and is “reasonable based on the
2 information available at that time.”⁷

3 Importantly, the Commission has repeatedly “reaffirm[ed] [its] long-standing view that
4 decisions made in IRP proceedings do not constitute ratemaking.”⁸ Further, “[d]ecisions whether
5 to allow a utility to recover from its customers the costs associated with new resources may only
6 be made in a rate proceeding.”⁹

7 III. STAFF’S COMMENTS

8 1. Executive Summary

9 As shown in Table 1 of Staff’s Final Comments, Staff recommends that the Commission
10 acknowledge seven of Idaho Power’s 2023 IRP Action Items, acknowledge one Action Item with
11 a condition,¹⁰ and not acknowledge the Action Item related to the Boardman to Hemingway
12 (“B2H”) transmission line.¹¹

13 On April 19, 2024, Idaho Power filed a letter in this docket announcing a timing change
14 for the in-service date of B2H from July 2026 to November 2026.¹² Staff’s Final Comments
15 recognize the Company’s letter and, importantly, note that the announcement did not change
16 Staff’s broad conclusions about the 2023 IRP:

17 The relatively low additional cost of the delayed November 2026 in-service
18 date compared to the July 2026 in-service date does not alter the portfolio
19 selection in the IRP process and the portfolio with B2H online in November
20 2026 becomes the Preferred Portfolio in this document.¹³

⁷ Docket No. LC 58, Order No. 14-253 at 1.

⁸ Docket No. LC 58, Order No. 14-253 at 1.

⁹ Docket No. LC 58, Order No. 14-253 at 1.

¹⁰ In Table 1 of Staff’s Final Comments, Staff recommends “Acknowledge with condition” for Idaho Power’s Action Item 3 related to distribution-connected storage. Staff’s Final Comments at 3-4 (Apr. 25, 2024). However, Staff’s discussion within Section 5 of Staff’s Final Comments does not discuss or identify a condition of acknowledgement. See *id.* at 18-20. The Company confirmed with Staff that the word “condition” is a typographical error and that Staff’s recommendation on Action Item 3 is full acknowledgement; as such, the Company only responds to the proposed Draft Recommendation 7 and Expectation 7. See *id.* at 20.

¹¹ Staff’s Final Comments at 3-4.

¹² Idaho Power’s Update to Boardman to Hemingway Timing (Apr. 19, 2024).

¹³ Staff’s Final Comments at 1.

1 Idaho Power appreciates Staff's ongoing affirmation of B2H as a necessary and least-cost
2 resource. The Company also recognizes that Staff's recommendation to *not* acknowledge the
3 B2H Action Item does not contradict or undermine the vital nature of B2H within Idaho Power's
4 Preferred Portfolio. Staff states that it made the B2H recommendation because procurement and
5 construction activities were already acknowledged in Action Item 8 of the Company's 2021 IRP.¹⁴
6 However, Idaho Power notes that the B2H-related Action Item from the 2021 IRP and the 2023
7 IRP do not match. It may be the case that Staff is taking a literal reading of the current B2H Action
8 Item. As written in the 2023 IRP, the B2H Action Item states: "B2H online by summer 2026."¹⁵
9 Considering B2H is now estimated to be online by November 2026, the Company understands
10 that it has placed both Staff and the Commission in a difficult position by using language that can
11 no longer be achieved. If this is indeed part of Staff's thinking, the Company would respectfully
12 request acknowledgement of its 2023 IRP B2H Action Item with a condition or an expectation that
13 the Company update the estimated B2H online date in the next IRP. A recommendation for
14 acknowledgement with condition or expectation would provide acknowledgement of a resource
15 that is vital to the Company, while also accounting for the recent changes to its timeline.

16 Beyond the B2H Action Item, Staff recommends acknowledgement of all other Action
17 Items within the Company's 2023 IRP. Idaho Power appreciates this recognition of the
18 reasonableness of its Action Items.

19 In the remainder of these Final Reply Comments, Idaho Power offers additional discussion
20 and context and, in some instances, proposes modifications to Staff's recommendations and
21 expectations. The Company organized this discussion using the same section titles used by Staff
22 in its Final Comments.

¹⁴ Staff's Final Comments at 4; *see also In re Idaho Power Company, 2021 Integrated Resource Plan*, Docket No. LC 78, Order No. 23-004, Appendix A at 19 (Jan. 13, 2023) ("Recommendation 6: Acknowledge Action Item 8: Conduct preliminary construction activities, acquire long-lead materials, and construct the B2H project.").

¹⁵ Initial Application, Attachment 1, Idaho Power's 2023 IRP at 8 (Sept. 29, 2023) [hereinafter, "Idaho Power's 2023 IRP"].

1 Finally, Idaho Power fully accepts Staff Recommendation Nos. 1, 3, 4, 6, 7, and 8 and, as
2 such, offers no comment on these items.

3 **2. Valmy Coal-to-Gas Conversion**

4 Based on Idaho Power’s portfolio analysis, Staff believes the Company has demonstrated
5 that the Valmy natural gas conversions are an economic and low-risk option for customers.¹⁶
6 Consequently, Staff recommends that the Commission acknowledge the Company’s Action Item
7 regarding the conversion of Valmy Units 1 and 2 in 2026.¹⁷

8 While Staff makes this recommendation for acknowledgement, it also notes a few points
9 where it deems further clarity could be gained. Specifically, Staff is not convinced about the
10 converted Valmy units’ ability to address system peak and, therefore, suggests that greater
11 visibility into capacity contribution evaluation of these thermal resources is warranted.¹⁸
12 Additionally, Staff expressed concern about the possibility of delay in the Valmy conversions and,
13 more generally, raised the issue of air pollution as an important consideration in the cost-benefit
14 analysis for coal-to-gas conversions.¹⁹

15 The Company appreciates Staff’s recognition of the Valmy conversions as a low-risk and
16 economic resource option for customers and supports Staff’s recommendation of
17 acknowledgement of this Action Item.

18 In response to Staff’s concern regarding the operational management of Valmy, the
19 Company notes that flexible capacity to meet peak needs is one of Idaho Power’s top priorities.
20 Idaho Power’s assessment of capacity need and the more precise identification of hours of
21 highest risk are done specifically to have AURORA’s long-term capacity expansion (“LTCE”)
22 model select the resources that can best meet system needs (including peak needs) in the lowest-
23 cost manner. The fact that AURORA consistently selected the Valmy converted units shows that

¹⁶ Staff’s Final Comments at 8.
¹⁷ Staff’s Final Comments at 8.
¹⁸ Staff’s Final Comments at 5.
¹⁹ Staff’s Final Comments at 5-6.

1 these resources will be expected to serve a variety of purposes, both baseload and peaking.
2 However, the Company feels it important to also qualify that optimal dispatch modeling within the
3 IRP can and does differ from the operational management of resources. Idaho Power's resources
4 (save non-dispatchable resources) are operated in a manner that prioritizes reliability.

5 The Company offers additional response to Staff's remaining concerns and associated
6 expectations below.

7 **A. Response to Expectation 1**

8 Staff Expectation 1:

9 *In its next IRP, Idaho Power must evaluate two alternative portfolios to*
10 *address risks associated with coal to gas conversions:*

- 11 *I. Exit all coal plants in 2030 without Valmy and Bridger 3 and 4 conversions.*
12 *II. Delay Valmy conversion with a November 2026 online date for B2H.²⁰*

13 While Idaho Power understands the objective of this expectation, it would like to call
14 attention to the expected conversion timing that could render additional modeling a moot point.
15 By the time the 2025 IRP is under review, the Valmy 1 and 2 conversions will be well underway,
16 with construction activities beginning in the fall of 2025 and construction expenditures (such as
17 engineering and materials costs) occurring well before the fall of 2025. As a result, the Company
18 is confident that the potential risks identified by Staff will not materialize. As a possible alternative,
19 the Company suggests scenarios in which the Valmy conversion timeline matches the
20 construction timeline as knowable at the time of 2025 IRP analysis—which would be aligned with
21 how the Company studied Bridger Units 1 and 2 in the 2023 IRP.

22 Regarding Bridger Units 3 and 4, the Company is planning to extensively study the options
23 for these units as part of the 2025 IRP and is, therefore, aligned with Staff's ultimate objective.
24 However, Idaho Power recommends that the most up-to-date information drive modeling, rather
25 than pre-determine analysis before starting the 2025 IRP process. For instance, PacifiCorp's

²⁰ Staff's Final Comments at 8.

1 recent IRP filing contemplates carbon capture at Bridger Units 3 and 4 in 2028; such an outcome
2 would negate the need for a scenario specific to exiting all coal plants by 2030. To allow for
3 maximum responsiveness to potential conditions in the 2025 IRP, the Company suggests a more
4 flexible expectation in which the Company will conduct a full evaluation of various practical options
5 for converting, exiting, or otherwise modifying Bridger Units 3 and 4.

6 **B. Response to Expectation 2**

7 Staff Expectation 2:

8 *In the next IRP, the company should provide workpapers for the projected*
9 *number of hours for both baseload and peaking operation of the Valmy*
10 *coal-to-gas converted units, and the corresponding hours for CCCT, SCCT,*
11 *4-hour and 8-hour batteries, in the Preferred Portfolio.²¹*

12 Idaho Power appreciates Staff's interest in understanding the dispatch and operation of
13 various resources. The Company can work with Staff to deliver some amount of hourly dispatch
14 information. However, the Company notes that developing new data streams, especially hourly
15 data across the 20-year model horizon, can have significant impacts on overall model run-time.
16 For instance, the 2023 IRP Preferred Portfolio included 63 thermal units and batteries. Assuming
17 this value stays relatively consistent between IRPs, the volume of hourly dispatch data for 63
18 resources over the planning horizon with 8,768 average hours per year would produce
19 approximately 11 million rows of data. If Staff continues to believe that hourly data of this volume
20 is valuable to Staff's analysis, Idaho Power will endeavor to find a way to produce, store, and
21 transmit the information to Staff.

22 It is also worth pointing out that Idaho Power does not know which portfolio will ultimately
23 become the Preferred Portfolio in any IRP, meaning that the hourly data Staff is requesting needs
24 to be developed for all primary portfolios. Producing this additional hourly view could result in
25 something in the range of 24 terabytes of data—a volume of data that far exceeds what is currently
26 produced in the IRP process. The Company does not flag data size as an objection to Staff's

²¹ Staff's Final Comments at 8.

1 request. Rather, the Company would only ask Staff to weigh the value of and its ability to
2 meaningfully analyze 11 million rows of data against the longer model run-time and data
3 management and sharing burden. As always, Idaho Power seeks to conduct analysis that is
4 complete and responsive to requests and that is done in a reasonable and efficient manner.

5 Idaho Power would also like to examine the terms “baseload” and “peaking” to describe
6 specific generators. The evaluation of whether a generator is dispatched as peaking or baseload
7 does not have a concrete definition within the industry. Generally, a resource is said to operate
8 as a peaking resource if it runs for a very limited number of hours in a year and specifically to
9 support or meet peak system needs. Meanwhile, a resource is usually described as baseload if it
10 runs most of the year at a high and stable capacity factor. Such terminology is used to generally
11 describe the common characteristics of resources—nuclear power is the prototypical baseload
12 resource that is expected to run steadily throughout the year at close to nameplate capacity, and
13 a simple cycle combustion gas turbine is often assumed to be a peaking resource because that
14 is the purpose for which most simple cycle plants are operated. However, these are examples in
15 the extreme. For most resources, the line between baseload and peaking is blurred, and there is
16 no precise definition to define resources based on their actual operational characteristics.

17 With this in mind, the Company would like to respond to Staff’s statement that: “After
18 reviewing the data, Staff concludes that Valmy gas units will continue to operate as coal units to
19 serve baseload; however, Staff is not convinced about their role in addressing system peak.”²²
20 The data referenced by Staff was provided in the Company’s response to Staff Data Request
21 No.132 and showed that, over the last 10 years, the Valmy units operated between 9 percent and
22 45 percent capacity factors, and in future years the units are modeled to run between 4 and 18
23 percent. In neither the historical nor the future period would these percentages typically be
24 considered baseload. But, in some historical and forecasted years, it could be more accurate to

²² Staff’s Final Comments at 5.

1 define Valmy usage as peaking. The wide spread of capacity factors shows that, in practical
2 application, the distinction between baseload and peaking is likely to be arbitrary at best and
3 misleading at worst.

4 Consequently, the Company proposes Staff strike “both baseload and peaking” from this
5 expectation language and, as noted earlier, evaluate the true benefit of generating such a large
6 volume of data.

7 **C. Response to Expectation 3**

8 Staff Expectation 3:

9 *In the next IRP, as suggested by RNW, IPC should evaluate an alternative*
10 *portfolio with a 2030 exit date from all coal operations and without the gas*
11 *conversion of Valmy and Bridger 3 and 4 units for a better understanding*
12 *of emissions implications of continued use of fossil fuel generation.*²³

13 Following the discussion offered in the Company’s response to Staff Expectation 1, the
14 Company suggests that it provide updates to the IRP Advisory Council (“IRPAC”) on
15 developments at Bridger Units 3 and 4 and evaluate portfolios in the next IRP based on those
16 developments.

17 **D. Response to Expectation 4**

18 Staff Expectation 4:

19 *In the lead up to the 2025 IRP, Idaho Power should provide cost estimates*
20 *of SO₂ and NO_x emissions related to the converted plant, in its advisory*
21 *IRPAC meetings.*²⁴

22 Idaho Power recognizes that sulfur dioxide (“SO₂”) and nitrogen oxide (“NO_x”) emissions
23 can potentially impact the cost-benefit analysis of coal-to-gas conversions. The Company
24 clarifies, however, that it models resources such that the emissions from those resources cannot
25 exceed allowed emissions levels. As such, there is no available data to support the kind of
26 analysis Staff suggests in this expectation. For example, the modeling of Valmy includes

²³ Staff’s Final Comments at 8.

²⁴ Staff’s Final Comments at 8.

1 compliance with the Good Neighbor Plan, including a range of NO_x allowances based on the
2 probable split between the plant partners, Idaho Power and NV Energy. Similarly, Jim Bridger will
3 be modeled with a sensitivity assuming that Wyoming may be included in the Good Neighbor Plan
4 in the future. In support of transparency around SO₂ and NO_x emissions in the IRP, though, Idaho
5 Power will discuss with IRPAC how emissions are modeled and accounted for in the model during
6 the development of future IRPs.

7 **3. Wind and Solar Resources**

8 Based on the information provided by the Company on the near-term procurement of wind
9 and solar resources in the near- and long-term, Staff recommends that the Commission
10 acknowledge Idaho Power’s acquisition of up to 1,425 megawatts (“MW”) of combined wind and
11 solar.²⁵ While Staff recommends acknowledgement of this Action Item, Staff also describes its
12 desire for the Company to provide a “roadmap” of procurement activities that meet the needs
13 represented in the action plan window of future IRPs.²⁶ Staff suggests that this roadmap could
14 help maintain alignment between an acknowledged IRP and the request for proposals (“RFP”)
15 procurement process.²⁷

16 Idaho Power supports and accepts Staff’s recommendation for the Commission to
17 acknowledge its Action Item regarding the procurement of future wind and solar resources. In
18 response to Staff’s remaining recommendations and expectations, the Company offers its
19 responses below.

20 **A. Response to Draft Recommendation 2**

21 Staff Draft Recommendation 2:

22 *In the next IRP, the Company should elaborate on its anticipated cadence*
23 *of RFPs and identify the future IRPs to which expected RFPs will be*
24 *connected.*²⁸

²⁵ Staff’s Final Comments at 12.

²⁶ Staff’s Final Comments at 9-10.

²⁷ Staff’s Final Comments at 9.

²⁸ Staff’s Final Comments at 12.

1 Idaho Power accepts Staff's recommendation but adds the following comments. Staff's
2 desire to connect future IRPs to future RFPs is a reasonable request, especially considering the
3 magnitude of resource procurement identified in the near term for the Company. However, the
4 Company would like to clarify that there may not be a direct connection between future IRPs and
5 expected RFPs. While the two both play a role in the Company's resource need and broader
6 resource planning processes, the capacity needs identified in each IRP may not directly translate
7 to the precise capacity need that the Company seeks to meet in each issued RFP.

8 The lack of a direct connection between IRPs and RFPs is due to the evolving nature of
9 the Company's capacity position. In theory, the first RFP issued after the IRP is most likely to
10 match the earliest capacity need identified in the IRP. However, any subsequent annual capacity
11 positions identified in more recent system reliability evaluations will likely differ from the need
12 identified in the IRP, as they include the most up-to-date load and system information. Therefore,
13 the Company may not be able to precisely determine its anticipated cadence of RFPs for
14 identification in future IRPs. That said, the Company will make its best efforts to elaborate on its
15 anticipated cadence of RFPs in future IRPs, to the extent information is available to share.

16 **B. Response to Expectation 5**

17 Staff Expectation 5:

18 *In the next IRP, the company should provide workpapers for the projected*
19 *number of hours for regulation reserves operation of the Valmy coal-to-gas*
20 *converted units, and the corresponding hours for SCCT, 4-hour and 8-hour*
21 *batteries, in the Preferred Portfolio.*²⁹

22 Echoing the Company's response to Staff Expectation 2, satisfying this expectation would
23 entail the production of a significant amount of data. Also as stated earlier, the Company will work
24 with Staff to provide the most useful and necessary information but would request that Staff
25 consider the impact on model run time and the data storage and transfer challenges associated
26 with routinely collecting such vast amounts of data.

²⁹ Staff's Final Comments at 12.

1 **C. Response to Expectation 6**

2 Staff Expectation 6:

3 *In future IRPs, the company should include the constraints related to*
4 *system resilience in portfolio modeling if the estimated cost of ancillary*
5 *services to preserve system resilience will be significant enough to warrant*
6 *such inclusion.*³⁰

7 Idaho Power clarifies that it already includes constraints related to ancillary services in its
8 portfolio modeling process. Therefore, the Company can support Staff’s expectation and will
9 continue to include constraints related to system resilience in its portfolio modeling.

10 **4. Transmission & Market Access**

11 Based on the information provided by Idaho Power and Staff’s analysis of the benefit and
12 risks, Staff is satisfied that the addition of Gateway West (“GWW”) Phase 1 by 2028 is the least-
13 cost, least-risk option to enable the connection of 1,000 MW of renewable resources in 2029-
14 2030.³¹ Further, Staff identifies a large benefit from the GWW transmission project to the
15 Company being able to ‘unlock’ a total potential of 4,000 MW of renewable capacity in the long
16 term and considers the timeline risks associated with joint ownership to be minimal.³² As such,
17 Staff recommends that the Commission acknowledge the Company’s Action Item to bring GWW
18 Phase 1 online in 2028.³³

19 Staff also considers participation in the Desert Southwest market via the Southwest
20 Intertie Project-North (“SWIP-North”) as a positive step toward market access diversification.³⁴
21 Staff finds that the sharing of power needs and project costs of the SWIP-North project between
22 the California Independent System Operator (“CAISO”) and Idaho Power to be an encouraging
23 sign that will open access to the Desert Southwest markets.³⁵ Staff recognizes that the Company
24 is still in the exploration phase of negotiating with other parties regarding participation in the

³⁰ Staff’s Final Comments at 12.

³¹ Staff’s Final Comments at 15.

³² Staff’s Final Comments at 14-15.

³³ Staff’s Final Comments at 15.

³⁴ Staff’s Final Comments at 17.

³⁵ Staff’s Final Comments at 18.

1 SWIP-North project and, therefore, recommends the Company update the Commission in a public
2 workshop, subject to the Company signing firm agreements.³⁶ Based on the information currently
3 available regarding cost effectiveness and benefits of market diversification, Staff recommends
4 that the Commission acknowledge the Company's Action Item to continue exploring potential
5 participation in the SWIP-North project.³⁷

6 The Company is grateful for Staff's recognition of the benefits associated with both the
7 GWW and SWIP-North projects. Idaho Power accepts and fully supports Staff's recommendations
8 for the Commission to acknowledge these Action Items and provides its response to Staff's
9 additional recommendation below.

10 **A. Response to Draft Recommendation 5**

11 Staff Draft Recommendation 5:

12 *Prior to the public meeting scheduled for the Commission's decision on the*
13 *2023 IRP and subject to the Company firm agreements, the Company will*
14 *update the Commission in a workshop with latest developments in the*
15 *SWIP-North project and how the outcomes could alter the selection of the*
16 *Preferred Portfolio in the 2023 IRP.*³⁸

17 Idaho Power accepts Staff's recommendation with comment, as follows. Idaho Power is
18 willing to provide updates to the Commission in a public workshop regarding the latest
19 developments in the SWIP-North project and potential impacts it may have on the 2023 IRP
20 Preferred Portfolio. However, the Company emphasizes that it cannot guarantee the availability
21 of new public information to share within the remaining schedule of this proceeding. As such,
22 Idaho Power appreciates the flexibility created with Staff's language that this is "subject to the
23 Company firm agreements."

³⁶ Staff's Final Comments at 18.

³⁷ Staff's Final Comments at 18.

³⁸ Staff's Final Comments at 18.

1 **5. Distribution-Connected Storage & Long Duration Storage Pilot**

2 Based on the information gathered so far, Staff recommends that the Commission
3 acknowledge the Company's Action Item to install cost-effective distribution-connected storage.³⁹
4 The Company responds below to the comments and recommendation within Section 5.

5 Staff seeks more understanding of the impact of safety considerations on future planning
6 for distribution-connected storage resources.⁴⁰ As such, Staff states that it is important that the
7 next IRP share information with Staff regarding lessons learned and best practices about the
8 incorporation and use of storage.⁴¹

9 Regarding long-duration storage resources, Staff also recommends that the Commission
10 acknowledge the Company's pilot project Action Item.⁴² Staff notes that it identified value in
11 gaining more information prior to committing to an emerging resource, though believes there could
12 be alternatives to pursuing a pilot for this purpose.⁴³ Therefore, Staff is interested in learning more
13 about the purpose, costs, benefits, feasibility, and usefulness of a long duration storage pilot.⁴⁴

14 The Company supports Staff's recommendations for acknowledgement of these Action
15 Items and is encouraged by the interest in learning more about new storage technologies and
16 how they may provide solutions to the Company's long-term planning efforts. In response to
17 Staff's remaining expectation, the Company offers the following response.

³⁹ Staff's Final Comments at 19. As discussed above, in Table 1 of Staff's Final Comments, Staff recommends "Acknowledge with condition" for Idaho Power's Action Item 3 related to distribution-connected storage. *Id.* at 3-4. However, Staff's discussion within Section 5 of Staff's Final Comments does not discuss or identify a condition of acknowledgement. *See id.* at 18-20. The Company confirmed with Staff that the word "condition" is a typographical error and that Staff's recommendation on Action Item 3 is full acknowledgement; as such, the Company only responds to the proposed Draft Recommendation 7 and Expectation 7. *See id.* at 20.

⁴⁰ Staff's Final Comments at 19.

⁴¹ Staff's Final Comments at 19 ("It is important that in the next IRP the Company share information with Staff regarding lessons learned about the incorporation of best practices in battery project construction, commissioning, and operations to mitigate operational risks.").

⁴² Staff's Final Comments at 20.

⁴³ Staff's Final Comments at 20.

⁴⁴ Staff's Final Comments at 20.

1 **A. Response to Expectation 7**

2 Staff Expectation 7:

3 *In the next IRP, the Company must share information with Staff about*
4 *lessons learned regarding the incorporation of best-practices in battery*
5 *project construction, commissions, and operations to mitigate operational*
6 *risks.*⁴⁵

7 Idaho Power supports Staff’s expectation to share information regarding batteries and
8 clarifies what type of information can be provided in future IRPs. The IRP focuses on long-term
9 planning and the characteristics of resources related to how they are modeled, selected, and
10 priced—not the specific operational management of each resource. Yet, in recognition of Staff’s
11 desire to gain insight into battery storage management in Company operations, Idaho Power will
12 seek to incorporate lessons learned in the supply-side resource section of future IRPs, as
13 information becomes available.

14 **6. Wind Qualifying Facilities (“QFs”)**

15 Staff asserts that a zero wind QF renewal rate is an “unacceptable” assumption for the
16 IRP.⁴⁶ However, Staff notes that an immediate reworking of the Preferred Portfolio may not be
17 the best means to resolve this issue.⁴⁷ Instead, Staff finds it more efficient for Idaho Power to
18 work with Staff and stakeholders on a non-zero wind QF renewal rate in the lead up to the 2025
19 IRP and verify the planning assumptions against actual renewal decisions at that time.⁴⁸

20 In the interim, however, Staff recommends the Company follow a similar Commission
21 directive to Portland General Electric Company (“PGE”)⁴⁹ and utilize a 75 percent wind QF
22 renewal rate assumption, until a different non-zero renewal rate methodology is accepted by the

⁴⁵ Staff’s Final Comments at 20.

⁴⁶ Staff’s Final Comments at 22.

⁴⁷ Staff’s Final Comments at 22.

⁴⁸ Staff’s Final Comments at 22.

⁴⁹ *In re Portland General Electric Company, 2023 Clean Energy Plan and Integrated Resource Plan*, Docket No. LC 80, Order No. 24-096 at 22 (Apr. 18, 2024).

1 Commission.⁵⁰ Staff notes that this would be similar to PacifiCorp’s approach, which assumes a
2 75 percent renewal rate.⁵¹

3 Idaho Power recognizes that Staff does not agree with Idaho Power’s base modeling
4 assumption that existing wind QFs will not renew. However, the Company would note, as it did in
5 Reply Comments, that this assumption was based on the most up-to-date and accurate
6 information knowable to the Company at the time of IRP modeling, with conversations with QF
7 projects indicating an intention to not renew.

8 Additionally, Idaho Power generally does not agree with specific, prescriptive approaches
9 to modeling that do not consider the nuances of a given utility’s customers or service area. With
10 respect to QFs, it is highly relevant that Idaho Power operates in two states with vastly different
11 state policies. As such, Idaho Power does not consider it reasonable or responsible to
12 prescriptively model a QF assumption that it has no basis to support. That said, the Company is
13 open to considering a different approach—such as a new or different QF scenario—in
14 consultation with IRPAC.

15 The Company also provides its response to Staff’s recommendations below.

16 **A. Response to Draft Recommendation 9**

17 Staff Draft Recommendation 9:

18 *Prior to portfolio optimization for the next IRP, the Company must work with*
19 *Staff and Stakeholders to determine and employ a non-zero renewal rate*
20 *for all QFs in line with PacifiCorp’s estimation methodology, or other similar*
21 *methodologies, to be adopted in the 2025 IRP.*⁵²

22 Idaho Power appreciates Staff’s recognition of the complexities of forecasting Public Utility
23 Regulatory Policies Act (“PURPA”) renewals and its discussion of the varying approaches taken
24 by Idaho Power, PacifiCorp, and PGE. However, the Company is concerned with the notion that
25 one methodology or approach should apply to all three utilities, as PURPA does not uniformly

⁵⁰ Staff’s Final Comments at 22.

⁵¹ Staff’s Final Comments at 22.

⁵² Staff’s Final Comments at 23.

1 impact the three utilities. Most notably, Idaho Power’s Oregon service area is vastly different in
2 size, customer base, and PURPA development compared to PacifiCorp’s or PGE’s service area.
3 Further, the majority of Idaho Power’s service area is in Idaho, which is subject to different state
4 PURPA policies and regulations. As such, the methodologies and modeling approaches that
5 make sense for other Oregon utilities will not necessarily make sense for Idaho Power and its
6 long-term planning.

7 As explained in the Company’s Reply Comments, the 2023 IRP continued to include an
8 assumption of no wind QF renewals in the base case for the Preferred Portfolio. This base case
9 assumption continues to be reasonable and prudent, given the reliability risks of assuming more
10 resources will be available and online than may actually provide energy supply. Instead, the
11 Company performed the “New Forecasted PURPA Scenario,” which assumed 100 percent of
12 wind QFs enter into renewal contracts and assumed certain rates of PURPA development in the
13 future.⁵³

14 With this in mind, Idaho Power maintains that it is most prudent and reasonable to keep a
15 conservative and non-prescriptive forecast of QF renewals in its IRP base case and, instead,
16 assess the impact of QF renewals in a portfolio scenario or through other means aligned upon in
17 the IRPAC process.

18 Additionally, Idaho Power uses this approach for modeling QF renewals in response to
19 Order No. 34959 from the Idaho Public Utilities Commission (“IPUC”) regarding the Company’s
20 2019 IRP. The IPUC order states:

21 Idaho Power responded to numerous party comments by indicating
22 it will continue to work with IRPAC to address the concerns raised
23 by the parties. We believe that approach is a good practice and that
24 IRPAC is the proper forum to work through the technical issues and
25 disputes. Idaho Power’s presumption that PURPA contracts will
26 renew, and the associated impact on Idaho Power’s [load and

⁵³ Idaho Power’s 2023 IRP at 128.

1 resource balance (“L&RB”)], should be examined in both Idaho
2 Power’s forthcoming capacity deficit filing and in IRPAC meetings.⁵⁴

3 Idaho Power has followed this guiding language from the IPUC for several IRP cycles and
4 still finds it relevant. Further, the Company finds it difficult to agree to a prescriptive approach by
5 Staff that runs counter to direction from its other state regulator, especially when a viable
6 alternative—a QF-focused growth scenario—exists and provides meaningful information without
7 distorting the analysis produced from the Company’s base planning assumptions.

8 **B. Response to Draft Recommendation 10**

9 Staff Draft Recommendation 10:

10 *Idaho Power should assume a 75 percent wind QF renewal rate pending a*
11 *non-zero renewal rate determination via a methodology accepted by the*
12 *Commission in the next IRP.*⁵⁵

13 Idaho Power emphasizes its response to Staff Recommendation 9 and requests that the
14 Commission not adopt highly prescriptive language about IRP modeling. Such prescriptive
15 language leaves no room for discussion and feedback from the IRPAC on what the best modeling
16 approach may be, which runs counter to the language in IPUC Order No. 34959. As such, the
17 Company recommends striking this recommendation, which also happens to be duplicative to the
18 language and intent of Staff Recommendation 9.

19 **7. Load Forecast**

20 After its analysis of the Company’s load forecast, Staff does not see a consistent bias in
21 a single direction for overall system load—which suggests forecast accuracy.⁵⁶ However, Staff
22 stated that the residential, commercial, industrial, and Special Contract customer forecasts may
23 have room for improved accuracy.⁵⁷ Staff emphasized its concern over Special Contract load

⁵⁴ Idaho Public Utilities Commission, *Idaho Power – Application for Acceptance of 2019 Integrated Resource Plan*, Case No. IPC-E-19-19, Order No. 34959 at 26 (Mar. 16, 2021), https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/IPCE1919/OrdNotc/20210316Final_Order_No_34959.pdf.

⁵⁵ Staff’s Final Comments at 23.

⁵⁶ Staff’s Final Comments at 26.

⁵⁷ Staff’s Final Comments at 26.

1 forecasts and the potential for overestimating customer load, given the magnitude of near-term
2 growth forecasted for these customers.⁵⁸

3 Consequently, Staff is interested in the Company’s oversight and validation of the
4 accuracy of these customer forecasts, stating: “Idaho Power is ultimately responsible for the
5 reasonableness of these special contract customers’ load forecast and should be prepared to
6 provide oversight to avoid the over-procurement of resources.”⁵⁹

7 Additionally, Staff is concerned that the Company is using *post hoc* variable selection for
8 its load forecast model, instead of *a priori* justification of variables.⁶⁰ Specifically, Staff is
9 concerned that *post hoc* variable justification may cause random, temporary correlations in the
10 model, which could increase the likelihood of selecting false statistical relationships.⁶¹ Therefore,
11 Staff considers *a priori* variable selection to be best practice for developing the Company’s load
12 forecast models.

13 Further, Staff finds Idaho Power’s use of the 70th percentile (“P70”) load forecast to be
14 unreasonable and expects the Company to use a 50th percentile (“P50”) load forecast in the next
15 IRP instead.⁶² However, Staff notes that it is not certain what specific resources selected using a
16 P70 load forecast would not be selected using the P50 and recognizes that the spread between
17 the percentiles is relatively narrow compared to the underlying drivers of load growth.⁶³

18 Idaho Power appreciates Staff’s recognition that its system load forecast remains
19 accurate, as it has been in previous IRPs. Yet, while Staff deems the Company’s system load
20 forecast to be accurate, it provides significant commentary about the Company’s model
21 specification and various methodological approaches as not being “best practice.” It is unclear if
22 executing Staff’s comments and suggestions in this regard would improve model accuracy, or if

⁵⁸ Staff’s Final Comments at 28-29.

⁵⁹ Staff’s Final Comments at 25-26.

⁶⁰ Staff’s Final Comments at 26-27.

⁶¹ Staff’s Final Comments at 26-27.

⁶² Staff’s Final Comments at 27.

⁶³ Staff’s Final Comments at 27.

1 it would primarily be an academic exercise. Nonetheless, Staff’s comments on potential “best
2 practices” do not seem to bear on the overall review and determination of whether the Company’s
3 load forecast is indeed accurate and reasonable.

4 Additionally, Staff stated that the Company declined to provide the data behind the 2023
5 IRP load forecast during the IRPAC process, which “...prevented any meaningful feedback from
6 Staff on the load forecast before this IRP was filed.”⁶⁴ Idaho Power would like to clarify that it has
7 not failed to provide any information to Staff during the course of IRP review. Rather, the Company
8 suggested to Staff at the time of its pre-IRP request that such detailed load forecast information
9 should be requested in the discovery process to ensure the exchange could be documented and
10 sensitive customer information protected as necessary. The Company would also note that the
11 meaningful opportunity to review and provide feedback on all aspects of the IRP, including the
12 load forecast, is within the IRP review process. Notably, Staff has conducted a detailed review
13 through the course of this proceeding, and the Company has supplied all information requested
14 by Staff in the discovery process.

15 In response to Staff’s remaining concerns and expectations for the next IRP, the Company
16 provides its responses below.

17 **A. Response to Expectation 8**

18 Staff Expectation 8:

19 *In the next IRP, Idaho Power should document and share the a priori*
20 *reasons for all econometric model specification.*⁶⁵

21 In support of Staff’s expectation, the Company can furnish pertinent details for
22 econometric modeling, such as out-of-sample performance, variable selection, correlation
23 matrices, model statistics, and error metrics within Appendix A of forthcoming IRPs. However, the
24 Company clarifies that the purpose of the t-test’s p-value is to assess the hypothesis that a

⁶⁴ Staff’s Final Comments at 23.

⁶⁵ Staff’s Final Comments at 29.

1 variable differs from zero—which Staff does not consider to be “...providing documentation of
2 hypothesis testing”.⁶⁶ The Company is confident that conducting t-tests for each variable and
3 affirming that each variable is of the expected sign is sound practice for model specification.

4 In Idaho Power’s responses to Staff Data Request Nos. 30 and 142, the Company
5 demonstrated its process for variable selection and explicitly stated that all variables were
6 expected to exhibit specific directional relationships. Staff incorrectly asserts that the COVID
7 adjustment exhibited an incorrect sign.⁶⁷ The Company previously clarified to Staff that the
8 variable's sign was appropriate within its contextual application. Idaho Power intends to continue
9 working with Staff to resolve this recurrent misinterpretation of the COVID variable within the
10 residential end-use model.

11 Consistent with the Company's objective of selecting parsimonious models with minimal
12 errors, it employs standard assumptions of econometric modeling, including the conditional
13 distribution of errors given independent variables, the independence and identical distribution of
14 data points, consideration of large outliers, and the absence of perfect multicollinearity.
15 Nonetheless, the above-mentioned outputs will be provided in future IRP Appendix A, as
16 indicated.

17 **B. Response to Expectation 9**

18 Staff Expectation 9:

19 *In the next IRP, Idaho Power should use the 50th percentile for the*
20 *expected case load forecast in future IRPs.*⁶⁸

21 The Company recognizes Staff’s concern with the load forecast percentile selection used
22 in the 2023 IRP. However, Idaho Power would like to note that the decision of which load forecast
23 to use was made early in the IRP development process and was publicly introduced in the IRPAC

⁶⁶ Staff’s Final Comments at 26.

⁶⁷ Staff’s Final Comments at 26 (“If the regression results show the wrong sign, as the COVID-19 variable did in the last IRP’s residential model, the scientific interpretation is that the variable is statistically insignificant, regardless of the P-value of the t-test.”).

⁶⁸ Staff’s Final Comments at 29.

1 meeting on December 8, 2022. This approach provided Staff and other stakeholders the
2 opportunity to provide feedback and express concern with the Company's selection in advance
3 of the portfolio development process. Staff did not raise concerns with the P70 peak load forecast
4 until after the filing of the 2023 IRP. In the Company's Response to Staff's Production Request
5 No. 89, Idaho Power explained:

6 The 70th percentile load forecast was used as the reference forecast in the
7 2023 Integrated Resource Plan ("IRP") in conjunction with adjusting back
8 to a 0.1 event-days per year Loss of Load Expectation ("LOLE") threshold
9 from the 0.05 LOLE threshold. This was done in response to Idaho Staff's
10 comments on the Company's 2021 IRP in Case No. IPC-E-21-43. The
11 combination of the 70th percentile load forecast and a 0.1 event-days per
12 year LOLE threshold produced similar reliability results when compared to
13 the combination of the 50th percentile load forecast and a 0.05 event-days
14 per year LOLE threshold.

15 As the Company changed to a less stringent LOLE reliability threshold in the 2023 IRP, it
16 considered the selection of a P70 load forecast a valid way to account for extreme weather events
17 and other reliability risks. The Company believes its consideration of reliability risks in this way to
18 be a reasonable and sound justification for selection of the P70 peak load forecast in the 2023
19 IRP.

20 The Company recognizes that a single percentile of load cannot be expected every year
21 but that, in reality, the percentile varies from year to year. Because risk is highly weighted in the
22 extremes, planning to a P50 load forecast does not inherently mean that the average LOLE across
23 all load forecast percentiles will equate to Idaho Power's annual LOLE threshold of 0.1 event-
24 days per year. The Company's reliability analysis shows that the selection of the P70 peak load
25 forecast produces an average LOLE across a wide spread of percentiles closer to the Company's
26 target LOLE threshold of 0.1 event-days per year than the P50, thus validating Idaho Power's
27 selection of the P70 peak load forecast for the 2023 IRP. The load forecast percentile selection
28 not only impacts Idaho Power's reliability but also impacts the Company's foresight into
29 procurement.

1 The Company emphasizes that it has a limited number of tools to use for reliable
2 planning—load forecast percentile and LOLE threshold being the two primary tools available.
3 Prior decisions from the Commission regarding LOLE threshold have limited Idaho Power’s tools
4 to adjusting the load forecast percentile to achieve reliable portfolios in the IRP. To be clear, if
5 Idaho Power were subject to both a prescriptive LOLE threshold *and* load forecast percentile, it
6 would be left with few to no tools available to ensure reliable planning. As such, the Company
7 feels strongly that such technical decisions should be discussed with Staff and other stakeholders
8 in future IRPs. A specific expectation of a Staff-selected load forecast percentile is not reasonable
9 for the planning environment in which Idaho Power is operating. Idaho Power looks forward to
10 working with IRPAC to discuss the importance of the load forecast percentile in building reliable
11 portfolios.

12 **C. Response to Expectation 10**

13 Staff Expectation 10:

14 *In the next IRP, the Company should consider and demonstrate the steps*
15 *taken to provide oversight for special contract customers' forecasting of*
16 *load growth.*⁶⁹

17 Idaho Power understands from conversations with Staff that it has concerns about some
18 sort of incentive—or, perhaps, the lack of a disincentive—for Special Contract customers to
19 supply Idaho Power with inflated load forecasts. Staff has also indicated it believes Idaho Power
20 does not properly vet Special Contract customers load forecasts. The Company assures Staff
21 that neither assumption is true. Large industrial customers have every incentive—for their own
22 financial viability—to operate their businesses in the most efficient manner possible, which
23 primarily includes managing their expenses.

24 In support of Staff’s expectation, Idaho Power can work with Staff to review Special
25 Contract load forecasts in future IRPs. Idaho Power maintains regular communication channels

⁶⁹ Staff’s Final Comments at 29.

1 with new large customers, ensuring alignment on construction schedules and load ramping
2 specifications. During the construction phase of a Special Contract customer project, Idaho Power
3 regularly requests updates on any material changes to these customers' projected load ramps to
4 ensure Idaho Power's system load forecast reflects the latest information provided by these
5 customers.

6 Once a project is operational, Idaho Power requests a 10-year load forecast update on an
7 annual basis (and more frequently per the terms of the Special Contract if there is a material
8 increase or decrease in the customer's load projections). Idaho Power relies upon these
9 customer-provided load forecasts as these customers best understand their business and
10 operational plans.

11 Idaho Power reiterates its statements above about the frequent and planned interactions
12 between Special Contract customers that supply their load forecast to Idaho Power. To be clear,
13 all customer-developed load forecasts are vetted. Idaho Power's largest customers have an
14 expertise in their industries that Idaho Power does not. As such, the Company will continue to rely
15 on these customers to inform Idaho Power about their energy needs into the future—and the
16 Company will continue to use its knowledge of other, similar projects (if such exist) or industry
17 benchmarking to vet these load forecasts.

18 Staff has also indicated that there may be some opportunity for Idaho Power to work with
19 large customers on energy efficiency efforts to reduce Special Contract customers' load forecasts.
20 Similar to the comment above, Idaho Power, through its work with these customers, understands
21 that energy efficiency is often a fundamental consideration in these customers' growth plans.

22 The Company would note, however, that while it cannot force customers to employ energy
23 efficiency, the Company does everything it can to encourage the most efficient practices and
24 construction through its energy efficiency programs.

25 In summary, Idaho Power will continue to work with its Special Contract customers on
26 their load forecasts. The Company will also endeavor to work with Staff to have a better

1 appreciation for the expertise with which Special Contract customers develop their load forecasts
2 and consider or employ energy efficiency efforts.

3 **8. Wholesale Electricity Prices**

4 Staff finds the accuracy of the Company's forecasted wholesale electricity prices in the
5 2023 IRP to be an improvement over the 2021 IRP planning case.⁷⁰ Staff compared the
6 Company's forecasted monthly market prices with historical market prices as a means of
7 validating the Company's modeled wholesale market prices.⁷¹ When Staff made this comparison,
8 it found the modeled prices to be close to actual market prices within "...a reasonable amount of
9 error."⁷²

10 As an additional method of validating the Company's modeled market prices, Staff sought
11 to compare actual market purchases to modeled market prices, as the average price for the
12 market may be different than the average price the Company pays for power.⁷³ Staff notes its
13 interest in seeing the modeled market purchase data but recognizes that the Company is not able
14 to provide the modeled market purchases.⁷⁴

15 Similarly, upon the Commission's direction, Staff sought to compare average modeled
16 wholesale prices with actual wholesale prices at the hourly level.⁷⁵ When Staff made this
17 comparison, it found Idaho Power's modeling of hourly Mid-Columbia ("Mid-C") prices in the
18 planning case to be relatively reasonable.⁷⁶ Staff, however, notes its desire for hourly data from
19 the Company's stochastic risk analysis and expects that Idaho Power preserve hourly data from
20 the stochastic production cost runs in the next IRP.⁷⁷

⁷⁰ Staff's Final Comments at 29.

⁷¹ Staff's Final Comments at 29-30.

⁷² Staff's Final Comments at 30.

⁷³ Staff's Final Comments at 30.

⁷⁴ Staff's Final Comments at 31.

⁷⁵ Staff's Final Comments at 31-32.

⁷⁶ Staff's Final Comments at 32.

⁷⁷ Staff's Final Comments at 32.

1 Lastly, Staff expressed concern that Idaho Power’s modeling does not capture the impact
2 of declining liquidity of the Mid-C market. Staff suggests that the number of transactions for Mid-C
3 power has been declining since the Western Energy Imbalance Market (“WEIM”) was created.⁷⁸
4 Staff posits that this could be the result of supply migrating from the bilateral Mid-C market to the
5 WEIM and could adversely impact Idaho Power.⁷⁹ Further, Staff suggest that this could cause an
6 overestimation of supply at Mid-C within the AURORA model.⁸⁰

7 Idaho Power appreciates Staff’s recognition of the improved accuracy of the Company’s
8 modeled wholesale electricity prices in the 2023 IRP and appreciates Staff’s effort to validate
9 modeled prices through various comparisons. In response to Staff’s concerns and request for
10 more granular data, the Company offers its responses below.

11 **A. Response to Expectation 11**

12 Staff Expectation 11:

13 *In the next IRP, the Company should preserve and be prepared to provide*
14 *hourly wholesale electricity price data from the stochastic risk analysis.*⁸¹

15 As previously described in its Responses to Staff Expectations 2 and 5, satisfying this
16 expectation would entail a significant amount of data. However, in a meeting with the Company,
17 Staff clarified that it primarily seeks to understand the hourly wholesale price data for the major
18 trading hubs that Idaho Power purchases from, such as Mid-C, Palo Verde, and Four Corners—
19 which would have the impact of reducing supplied data from 46 zones to a more reasonable
20 handful of zones. As such, the Company can work with Staff to support this expectation with this
21 modification regarding the scope of data provided.

22 The Company would like to clarify, however, that the price data available from the model
23 is sampled hourly zonal marginal electricity price data—not hourly wholesale electricity price data.

⁷⁸ Staff’s Final Comments at 32.

⁷⁹ Staff’s Final Comments at 33.

⁸⁰ Staff’s Final Comments at 33.

⁸¹ Staff’s Final Comments at 33.

1 Idaho Power offers this clarification to ensure Staff and stakeholders understand the nature of
2 price data available and how it is different than typical wholesale electricity price data that may be
3 provided at the nodal level for every hour.

4 **B. Response to Expectation 12**

5 Staff Expectation 12:

6 *Idaho Power should investigate the possibility that migration of power*
7 *sellers to balancing markets may cause Aurora to overestimate resources*
8 *available for purchase by Idaho Power and report its findings in the next*
9 *IRP.*⁸²

10 Upon clarification from Staff, Idaho Power understands that this expectation reflects Staff's
11 desire to understand the risks associated with power sellers aligning with a future day-ahead
12 market in the West. Considering the evolving landscape of markets in the West, Idaho Power
13 interprets this expectation to require the Company to provide a broad exploration of how future
14 market development may impact the Company's ability to procure resources compared to its
15 current bilateral market environment.

16 The Company notes that an increase in the number of participants in the WEIM does not
17 impact the Company's ability to procure resources from major trading partners. The WEIM is an
18 intra-hour imbalance market that seeks to optimize resource dispatch through regional arbitrage
19 within the hour of a particular operating day. As such, the WEIM has no impact on day-ahead or
20 longer-lead procurement activities of its participants. Rather, WEIM participants continue to use
21 their major bilateral trading partners to procure the resources needed to serve load—regardless
22 of how those resources are later optimized, arbitrated, or dispatched within the WEIM.

23 With this clarification in mind, the Company will endeavor to work with Staff and have
24 conversations about the potential impacts it identifies of power sellers aligning with evolving day-
25 ahead markets.⁸³

⁸² Staff's Final Comments at 33.

⁸³ CAISO's Extended Day Ahead Market Go-Live is targeted for 2026, while Southwest Power Pool's Markets+ Go-Live is targeted for 2027.

1 **9. Energy Efficiency**

2 Staff is concerned that the methodology of calculating avoided costs is causing energy
3 efficiency (“EE”) measures to be disadvantaged.⁸⁴ Staff developed this concern because the 2023
4 IRP decremented less EE from its load forecast as compared to the 2021 IRP, and the 2023
5 Preferred Portfolio did not select EE bundles.⁸⁵ In an effort to mitigate any impact on EE selection,
6 Staff suggests that in the 2025 IRP and future IRPs, the Company’s EE avoided cost calculation
7 methodology should rely on the most recently “filed” rather than the most recently “acknowledged”
8 IRP for the avoided costs used in EE program planning.⁸⁶ Staff also suggests that the Company
9 share necessary data with IRPAC members for review and feedback before implementation in
10 the filed IRP.⁸⁷

11 Additionally, Staff raised concern regarding how the EE bundles were developed.
12 Specifically, Staff is concerned that bundles are configured by season and cost, but not by
13 customer class or sector.⁸⁸ Further, Staff took issue with the fact that low-cost measures that are
14 technically achievable were not selected by the model as cost-effective.⁸⁹ To remedy these
15 concerns, Staff suggests that the 2025 IRP include the outcome of additional portfolio runs with
16 low-cost EE bundles to verify that the bundling process is not biased towards high-cost EE
17 measures.⁹⁰

18 The Company recognizes Staff’s concerns regarding EE bundles and their selection within
19 AURORA and reiterates its openness to feedback from its advisory groups in this regard. In
20 response to Staff’s specific EE recommendations and expectations, the Company offers its
21 responses below.

⁸⁴ Staff’s Final Comments at 33.

⁸⁵ Staff’s Final Comments at 33-34.

⁸⁶ Staff’s Final Comments at 33-34.

⁸⁷ Staff’s Final Comments at 34.

⁸⁸ Staff’s Final Comments at 35.

⁸⁹ Staff’s Final Comments at 35.

⁹⁰ Staff’s Final Comments at 35.

1 **A. Response to Draft Recommendation 11**

2 Staff Draft Recommendation 11:

3 *In the 2025 IRP and future IRPs, IPC should change the avoided cost*
4 *calculation methodology to rely on the most recently "filed" rather than the*
5 *most recently "acknowledged" IRP in its energy efficiency program*
6 *planning. This change will require the Company to provide the necessary*
7 *data to members of the IRPAC meetings so they are able to effectively*
8 *review and provide feedback on the new methodology before it is*
9 *implemented in the filed IRP.*⁹¹

10 Upon clarification with Staff in a meeting with the Company, Idaho Power understands this
11 recommendation to mean using avoided costs from the most recently filed IRP for the
12 development of each new EE potential study, rather than for the development of EE programs.
13 Idaho Power clarified with Staff that, indeed, Idaho Power already uses the most recently filed
14 information for its EE potential studies. As such, the Company accepts Staff's recommendation
15 with a proposed language modification, as follows:

16 *In the 2025 IRP and future IRPs, IPC should **change continue to use** the*
17 *avoided cost calculation methodology to rely on the most recently "filed"*
18 *rather than the most recently "acknowledged" IRP in its energy efficiency*
19 *~~program-planning potential evaluation~~. This change will require the*
20 *Company to provide the necessary data to members of the IRPAC*
21 *meetings so they are able to effectively review and provide feedback on*
22 *the new methodology before it is implemented in the filed IRP.*

23 **B. Response to Expectation 13**

24 Staff Expectation 13:

25 *In the lead up to the 2025 IRP, the Company should work with and provide*
26 *workpapers to Staff that explore the costs and benefits of portfolio runs with*
27 *more 'low-cost' bundles, such as bundles of measures costing below*
28 *\$30/MWh.*⁹²

29 Idaho Power can work with Staff to support the expectation regarding EE bundles and will
30 bring forth EE bundles as a topic for discussion with the IRPAC, as it has done in the past. In

⁹¹ Staff's Final Comments at 35.

⁹² Staff's Final Comments at 36.

1 consultation with the review and feedback of the IRPAC, Idaho Power will evaluate different EE
2 bundle options and portfolio sensitivities in the next IRP.

3 **10. Demand Response**

4 Staff identified that Idaho Power’s use of an Idaho Power-specific potential study to inform
5 the modeling of additional demand response (“DR”) in the 2023 IRP helped address many of
6 Staff’s concerns from the 2021 IRP.⁹³ Additionally, Staff noted that Idaho Power “responded
7 satisfactorily” to the two issues Staff raised in its Opening Comments regarding DR in the 2023
8 IRP.⁹⁴ Specifically, in response to Staff’s concern regarding model selection of high-cost and low-
9 cost DR programs, Idaho Power explained that cost is only one of a few important metrics the
10 model considers when determining resource selection.⁹⁵ Other important metrics for
11 consideration include resource availability and flexibility.⁹⁶ The Company also addressed Staff’s
12 question regarding smaller DR block sizes and explained that using smaller DR block sizes
13 causes longer model-run times but does not result in additional insights.⁹⁷ Instead of running the
14 model with smaller DR block sizes, the Company suggested it receive Staff’s input on DR block
15 sizes in the development of 2025 IRP instead.⁹⁸

16 Idaho Power looks forward to Staff’s contribution to this topic in the development of the
17 2025 IRP. The Company provides its response to Staff’s expectation regarding this topic below.

18 **A. Response to Expectation 14**

19 Staff Expectation 14:

20 *Idaho Power will engage Staff and stakeholders regarding DR block size*
21 *during development of the 2025 IRP.*⁹⁹

⁹³ Staff’s Final Comments at 36.

⁹⁴ Staff’s Final Comments at 36.

⁹⁵ Staff’s Final Comments at 36.

⁹⁶ Staff’s Final Comments at 36.

⁹⁷ Staff’s Final Comments at 36.

⁹⁸ Staff’s Final Comments at 36.

⁹⁹ Staff’s Final Comments at 37.

1 Idaho Power supports Staff's expectation and will bring forth DR block size as a discussion
2 topic with the IRPAC throughout the development of the 2025 IRP, as it has done in previous IRP
3 cycles. The Company looks forward to the IRPAC's review and feedback in this regard.

4 IV. REQUEST FOR WAIVER OF 2024 IRP UPDATE

5 Pursuant to OAR 860-027-0400(1),¹⁰⁰ Idaho Power requests a waiver of the Company's
6 obligation to file an update to the 2023 IRP, as required by OAR 860-027-0400(11). That rule
7 requires that an energy utility submit an annual update on its most recently acknowledged IRP on
8 or before the anniversary of the acknowledgment date.¹⁰¹ In the case of this 2023 IRP, the
9 schedule contemplates that the Commission will deliberate on the IRP at a Special Public Meeting
10 on July 30, 2024. Meanwhile, the Company's work on its 2025 IRP is underway, and the Company
11 plans to file that IRP *before* July 30, 2025—which would essentially moot the need for an update
12 to the 2023 IRP. Therefore, there is good cause for the Commission to waive the IRP update
13 requirement with respect to the Company's 2023 IRP.

14 V. CONCLUSION

15 Idaho Power appreciates the opportunity to file these Final Reply Comments in this
16 proceeding and continues to value the robust public process and participation in long-term
17 planning. In support of Staff's continued review and finalization of its recommendations and
18 expectations for the 2023 IRP, the Company offered responses to Staff's recommendations and
19 expectations herein. Idaho Power appreciates Staff's recommendations for acknowledgement of
20 the 2023 IRP Action Items and supports a majority of Staff's remaining recommendations and
21 expectations.

¹⁰⁰ "Scope and Applicability: This rule applies to investor-owned energy utilities. Upon application by an entity subject to this rule and for good cause shown, the Commission may relieve it of any obligation under this rule."

¹⁰¹ OAR 860-027-0400(11) ("Each energy utility must submit an annual update on its most recently acknowledged IRP. The update is due on or before the acknowledgment order anniversary date. . .").

1 However, Idaho Power takes issue with two items in Staff’s Final Comments. First, the
2 Company respectfully requests that the Commission acknowledge—with a condition or
3 expectation—the Company’s B2H Action Item. Because of B2H’s importance and priority for the
4 Company’s long-term planning, Idaho Power feels strongly about the continued value of B2H
5 acknowledgement by the Commission, and, as such, respectfully requests acknowledgement with
6 the condition of a timing update in the 2025 IRP, rather than not acknowledging this critical
7 resource.

8 Second, Idaho Power continues to take issue with Staff’s recommendation that the
9 Company employ a non-zero wind QF renewal rate in its base case planning. As described in its
10 Reply Comments, Idaho Power does not believe a non-zero or prescriptive wind QF renewal rate
11 constitutes reasonable or prudent planning, nor gives Idaho Power the flexibility to make
12 appropriate planning conditions based on its specific service area and varied state PURPA
13 environment. Rather, the Company respectfully requests that the Commission reject highly
14 prescriptive modeling directives and, instead, recommend that the Company align upon an
15 approach within the IRPAC process of the next IRP.

16 Staff’s largely supportive Final Comments and fairly limited list of recommendations is an
17 indication that the 2023 IRP Preferred Portfolio and the November 2026 B2H portfolio are the
18 least-cost, least-risk means of serving customer need into the future. As such, Idaho Power

19 ///
20 ///
21 ///

1 respectfully requests acknowledgment of the Company's 2023 IRP as meeting both the
2 procedural and substantive requirements of Order Nos. 89-507, 07-002, 07-747, and 12-013.

Respectfully submitted this 23rd day of May 2024.

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