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VIA ELECTRONIC FILING

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

Re: Docket 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 Comments on Staff's Report for the July 30, 2024 Special Public Meeting.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Lauren Richards". The signature is written in a cursive style and is positioned above a horizontal line.

Lauren Richards
Legal Assistant
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 COMMENTS ON STAFF REPORT FOR SPECIAL PUBLIC MEETING JULY 30, 2024
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I. INTRODUCTION

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Idaho Power Company (“Idaho Power” or “Company”) appreciates Staff’s thorough review of the Company’s 2023 Integrated Resource Plan (“IRP”), as well as the thoughtful consideration of opportunities to improve future IRPs and associated processes, as set forth in Staff’s recent Report for the Special Public Meeting to be held on July 30, 2024 (“Staff Report”). Idaho Power supports many of the recommendations on the Company’s Action Plan items as described in the Staff Report, as well as Staff’s recommendation for the Public Utility Commission of Oregon (“OPUC” or “Commission”) to grant Idaho Power’s request for a waiver of the 2023 IRP Update.¹ Additionally, the Staff Report includes a set of “expectations” that it suggests the Company should incorporate or address within the 2025 IRP.

11

Overall, the Company is grateful to Staff for a well-reasoned and supported Staff Report that reflects quality analysis and deep consideration of multiple perspectives from the Company and stakeholders. Idaho Power is largely in agreement with Staff’s recommendations and expectations. In limited instances, however, the Company believes supplementary context and commentary are warranted. As such, the comments below only address those recommendations and expectations for which the Company offers additional response.

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¹ Staff Report at 40-41 (July 1, 2024).

1 **II. DISCUSSION**

2 **1. Staff's Recommendations**

3 In the course of processing this case, Idaho Power and Staff have worked through and
4 are now aligned on the majority of Staff's recommendations, with the exception of two
5 recommendations: Recommendation 4 regarding the Boardman to Hemingway ("B2H")
6 transmission line and Recommendation 10 regarding the assumed renewal rate of Public Utility
7 Regulatory Policy Act ("PURPA") wind Qualifying Facilities ("QF").

8 **A. Response to Recommendation 4**

9 Staff Recommendation 4:

10 *Not acknowledge Action Item 4: Bring B2H online by summer 2026.*

11 The Staff Report states that "Staff's opinion is that an acknowledged action item that spans
12 more than one IRP generally should not need re-acknowledgement unless something about the
13 action item has deviated significantly from how it was presented for acknowledgement."² While
14 Idaho Power appreciates Staff's perspective and thinking on this issue, it has concerns with Staff's
15 conclusion. To this end the Company notes that it is not uncommon for an action item to span
16 multiple IRPs, especially those associated with long-lead items like transmission, and the
17 Commission has typically acknowledged these items, so long as the IRP has shown them to be
18 the best combination of least cost and least risk. Notably, this outcome has been the case for B2H
19 in the Company's prior IRPs.³ With respect to whether the action item has "deviated significantly,"
20 the Company also appreciates Staff's recognition that the timing delay of B2H does not constitute
21 such a deviation, as "project delays are not uncommon."⁴

22 Staff has presented an opinion regarding acknowledging action items that is specific to
23 the IRP context. Idaho Power notes, though, that the Commission's decision to acknowledge

² *Id.* at 29.

³ See, i.e., LC 68, LC 74, Order No. 21-184 at 1 ("We acknowledge Idaho Power's Boardman to Hemingway (B2H) transmission project action items, as we also did in Idaho Power's 2017 IRP.")

⁴ Staff Report at 29.

1 action plan items has meaning and significance beyond the Company’s long-term planning
2 processes, and the Company believes ongoing recognition of B2H is critical as the project moves
3 toward completion. Considering this perspective, Idaho Power respectfully requests that the
4 Commission acknowledge the Company’s Action Item 4 to bring B2H online, thereby affirming
5 that the project as currently presented continues to meet guidelines of least-cost, least-risk
6 planning for customers and helping to avoid any confusion about the vital and cost-effective
7 nature of the project.

8 In the event the Commission has concerns about acknowledging Action Item 4 due to the
9 specific language reflecting an online date that is no longer consistent with the current B2H project
10 timeline, this issue could be addressed by the Commission. For example, one possibility would
11 be for the Commission to acknowledge Action Item 4 with a condition, footnote, or other indicator
12 specifying that the acknowledgement reflects recognition of the merit of the project within the 2023
13 IRP generally without regard to the specified online date. Another option is for the Commission to
14 acknowledge the proposed Action Item contingent on Idaho Power modifying the language to
15 reflect ongoing work to bring the project online—for example, “Continue developing the B2H
16 project.” While certainly not an exhaustive list of options, Idaho Power merely offers these
17 suggestions for consideration in the hopes of reaching an unambiguous outcome and signal: B2H
18 is a vital component of the 2023 IRP, thereby warranting acknowledging the next steps associated
19 with the project.

20 **B. Response to Recommendation 10**

21 Staff Recommendation 10:

22 *Idaho Power should assume a 75 percent wind QF renewal rate pending a non-*
23 *zero renewal rate determination via a methodology accepted by the Commission*
24 *in the next IRP.*

25 Idaho Power appreciates Staff’s recognition of the complexities of forecasting PURPA
26 renewals and its discussion of the varying approaches taken by Idaho Power, PacifiCorp, and
27 PGE. However, the Company is concerned by the recommendation that Idaho Power should

1 adopt a 75 percent wind renewal rate until a non-zero renewal rate methodology is accepted by
2 the Commission in the next IRP. In practical terms, this would mean that Idaho Power would use
3 a 75 percent wind renewal rate in the 2025 IRP. As Idaho Power has previously explained, such
4 a prescriptive approach is concerning to Idaho Power for a number of reasons including those
5 highlighted below.

6 In these comments, Idaho Power uses the term “renewal” because that is the language
7 used by Staff. However, as a point of clarification, PURPA QF contracts are not “renewed” as
8 such; rather, in the event a contract is terminated or expires, an eligible QF may request that a
9 new contract be executed for the same facility in compliance with the applicable PURPA rules
10 and regulations in place at that time. While Idaho Power does not presume to know why QF
11 projects choose to enter into new contracts or not, there are likely several factors that influence
12 whether a wind QF seeks a new contract including a state’s regulatory rules and environment.

13 More specifically, differences in state implementation of PURPA, the varied history and
14 composition of QF development, and distinct energy policies between the two states in which
15 Idaho Power operates have shaped PURPA processes and influence the patterns of renewable
16 development between the states. As Staff has acknowledged, the state policy environments with
17 respect to PURPA in Idaho and Oregon are vastly different, though most existing QFs are
18 governed by Idaho Public Utility Commission (“IPUC”) rather than OPUC rules because the
19 majority of the Company’s wind QF projects are located in Idaho. By project count, 78 percent of
20 the Company’s wind QFs are located in Idaho. By nameplate capacity, 90 percent of the wind
21 QFs are located in Idaho. The Company does not control whether a PURPA project enters into a
22 replacement contract with the Company, and while some wind QFs have expressed informal
23 interest in doing so, such informal statements are not contracts in hand.

24 Moreover, circumstances today are drastically different from when most PURPA wind QFs
25 originally signed contracts with Idaho Power having been shaped by advances in technology,
26 changes to electricity markets and increased options for participation, developments in federal

1 and state policies, and ongoing iterations in state PURPA implementation, including, importantly,
2 the significant reworking by the IPUC of state regulatory practices and processes governing
3 PURPA eligibility requirements, avoided cost rate parameters and methodologies, and
4 contracting terms. In light of the overall changed environment and especially considering the
5 specific nature of PURPA processes that currently exist in Idaho, the Company does not feel it
6 reasonable to adopt a 75 percent “renewal” rate for wind QFs in the 2025 IRP.

7 In addition, Idaho Power is concerned about adopting a renewal rate that could distort its
8 near-term capacity picture, which could alter the quantity and timing of more near-term resource
9 selections in the IRP and have serious and negative implications for the Company’s ability to meet
10 capacity needs. Wind QFs are unique among all QFs on Idaho Power’s system because of their
11 total aggregate nameplate capacity relative to other resource types; they are nearly twice as large
12 as solar and about four times larger than hydroelectric QFs in terms of nameplate capacity.
13 Moreover, many existing wind contracts will expire within the first half of the 20-year period
14 evaluated in the 2023 IRP. As the Company has noted before, assuming PURPA renewals that
15 do not materialize results in an overstatement of resource sufficiency and increases the
16 Company’s procurement need with less time to fill it, creating reliability risk. In an environment in
17 which resource procurement is competitive and time-consuming (4-10 years, depending on the
18 resource), the Company does not consider it wise to risk overstating capacity, especially when a
19 meaningful alternative exists—a PURPA wind renewal scenario.

20 Idaho Power has conducted special QF renewal scenarios in the 2023 IRP and the 2021
21 IRP. The Company believes all the information requested by stakeholders and Staff can be
22 included within a dedicated PURPA scenario. This is the express purpose of scenarios—to
23 explore alternate possibilities. As such, a QF scenario is the best way to explore the impact of
24 wind QF renewals.

25 Considering the above, Idaho Power would respectfully request that, should the
26 Commission direct Idaho Power to adopt a 75 percent wind QF renewal rate, it be conducted in

1 a PURPA scenario and not in the base planning conditions of the 2025 IRP. Idaho Power believes
2 the actual capacity and resource procurement consequences of presuming QF development and
3 renewals is too great a risk to warrant a prescriptive approach in base planning of the next IRP.

4 **2. Staff's Expectations**

5 Idaho Power appreciates Staff's acknowledgement that expectations are not
6 "comprehensive or rigid requirements for future planning."⁵ Rather, expectations are suggestions
7 by Staff, based on experience gained in IRP review, for improving future IRPs. Idaho Power is
8 aligned with this interpretation of expectations contained within the Staff Report.

9 In prior rounds of comments and in discussions, Idaho Power and Staff have reviewed
10 and deliberated on Staff's expectations for the 2025 IRP. As documented in the Staff Report,
11 Idaho Power has accepted many of Staff's expectations and has, in some instances, provided
12 alternative approaches to achieve Staff's objectives. Those discussions have been positive, as
13 evidenced by the number of expectations for which Staff expressed support for Idaho Power's
14 proposal.

15 However, there remain a few expectations that the Company and Idaho Power will need
16 to continue to discuss. Below, the Company reviews these expectations and provides discussion
17 that it hopes will be a jumping off point for productive collaboration in the 2025 IRP cycle.

18 **A. Response to Expectation 1**

19 Staff Expectation 1:

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

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

⁵ Staff Report at 44.

1 Idaho Power appreciates Staff’s recognition of recent conversion-related milestones,
2 including the Public Utility Commission of Nevada’s acknowledgement of the Valmy conversion.⁶
3 While Idaho Power does not object to performing additional modeling around coal-to-gas
4 conversions, the Company believes that any modeling should be informed by the best available
5 information at the time. As the Company stated previously, by the time the 2025 IRP is under
6 review, the Valmy 1 and 2 conversions will be well underway, with construction activities
7 beginning in the fall of 2025. As a result, the Company is confident that the potential risks identified
8 by Staff will not materialize. As a possible alternative, the Company suggests the modeled Valmy
9 conversion timeline match the construction timeline as knowable at the time of 2025 IRP
10 analysis—which would be aligned with how the Company studied Bridger Units 1 and 2 in the
11 2023 IRP.

12 Regarding Bridger Units 3 and 4, the Company is planning to extensively study the options
13 for Bridger Units 3 and 4 as part of the 2025 IRP and is, therefore, aligned with Staff’s ultimate
14 objective. However, Idaho Power suggests that, as it suggested above, the most up-to-date
15 information drive modeling, rather than a pre-determined analysis.

16 Idaho Power looks forward to continuing this conversation with Staff and using
17 developments at both Valmy and Bridger to inform the most appropriate, efficient, and complete
18 modeling that can be done for the 2025 IRP.

19 **B. Response to Expectation 2**

20 Staff Expectation 2:

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

25 Idaho Power previously addressed the time considerations and volume of data associated
26 with achieving this expectation. While there is more to explore with respect to data volume and

⁶ *Id.* at 16.

1 processing time, the Company more immediately suggests that the words “baseload and peaking
2 operation” be removed from this expectation. As the Company has explained previously, these
3 words do not have specific definitions that can be applied to modeling or in operational practice.
4 Resources in AURORA do not have any pre-determined characteristics of “baseload” or
5 “peaking.”

6 Generally, a resource is said to operate as a peaking resource if it runs for a very limited
7 number of hours in a year and specifically to support or meet peak system needs. Meanwhile, a
8 resource is usually described as baseload if it runs most of the year at a high and stable capacity
9 factor. Such terminology is used to generally describe the common characteristics of resources—
10 nuclear power is the prototypical baseload resource that is expected to run steadily throughout
11 the year at close to its nameplate capacity, and a simple cycle combustion gas turbine is often
12 assumed to be a peaking resource because that is the purpose for which most simple cycle plants
13 are operated. However, these are examples in the extreme. For most resources, the line between
14 baseload and peaking is blurred, and there is no precise definition to describe resources based
15 on their actual operational characteristics.

16 Consequently, the Company proposes Staff strike “both baseload and peaking” from this
17 expectation language. With this modification, the Company will be better able to support Staff’s
18 expectation without compromising the spirit of this expectation.

19 **C. Response to Expectation 11**

20 Staff Expectation 11:

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

23 The Company’s ability to meet load obligations is of paramount importance. This is
24 becoming increasingly challenging as resource adequacy concerns resonate across the Pacific
25 Northwest. The Company understands that Staff has concerns with the load forecast percentile
26 selection used in the 2023 IRP and that Staff also has opinions about the most appropriate load

1 percentile to use in the future. However, the Company disagrees with some of Staff’s additional
2 statements, including the assertion that “IPC is basically rejecting the risk standard set in UM
3 2011.”⁷ Idaho Power notes that UM 2011 was a general capacity investigation, created in large
4 part to establish foundational guidelines in the PURPA context. The result of UM 2011 was a set
5 of guidelines. These guidelines are not rules and, additionally, do not have broad applicability to
6 resource planning. As such, Idaho Power does not believe it has rejected any aspect of UM 2011.

7 More specifically, Idaho Power approaches resource planning with reliability as the
8 foremost concern and uses the load forecast percentile it believes is best suited to that end. As
9 such, Idaho Power reiterates its belief that IRPAC is the best place to discuss the need for load
10 forecast percentile modification and the consequences of such modification(s). Idaho Power looks
11 forward to continuing to explore this topic with Staff and other parties in the 2025 IRPAC meetings,
12 where the topic can be discussed in full and the analysis to support the load forecast percentile
13 can be presented and reviewed.

14 **D. Response to Expectation 14**

15 Staff Expectation 14:

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

19 While Idaho Power has previously discussed this expectation in comments, the Company
20 notes that Staff’s questions, at this stage, are theoretical. Staff seems particularly interested in a
21 decline in resource availability resulting from broader Western Energy Imbalance Market
22 participation, day-ahead market developments, and the Western Resource Adequacy Program
23 (“WRAP”). The Company would only note that each of these serve different functions, have
24 different purposes, and exist on different timelines—some are markets, others are not.
25 Considering these variables, Idaho Power’s ability to “investigate” the “migration of power sellers”

⁷ *Id.* at 48.

1 is limited. Nevertheless, Idaho Power looks forward to more in-depth discussions with Staff that
2 focus on what is known and established about market developments, as well as other programs
3 such as WRAP.

4 **III. CONCLUSION**

5 Idaho Power again thanks Staff for its thoughtful report and recommendations on the 2023
6 IRP. As noted earlier, Idaho Power agrees with most of Staff's recommendations and
7 expectations for improving the 2025 IRP. By and large, the Company considers Staff's
8 recommendations and expectations to be reasonable courses of action with thoughtful methods
9 and strategies for improving future IRP processes and analysis. Idaho Power takes issue with
10 only two recommendations. In regard to Recommendation 4 about B2H, Idaho Power respectfully
11 requests Commission acknowledgement of Action Item 4 to reflect that the project's need and
12 value have been established in the 2023 IRP. In regard to this recommendation
13 (Recommendation 10), the Company would like to recognize that it operates in vastly different
14 state policy environments that make modeling wind QF renewals challenging from a capacity
15 sufficiency perspective. As such, Idaho Power respectfully requests that the Commission allow
16 Idaho Power the flexibility to determine a wind QF renewal rate more appropriate to its system—
17 either by not prescribing a certain renewal rate or allowing the renewals to be modeled in a
18 scenario.

19 *////*

20 *////*

21 *////*

1 Finally, with respect to expectations, Idaho Power offered additional thoughts above and
2 looks forward to working with Staff on expectations to better understand its interests and to find
3 appropriate and workable methods of developing this information for Staff.

Respectfully submitted this 19th day of July 2024.

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