

VIA ELECTRONIC FILING

March 13, 2023

Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

RE: UM 2143 — Idaho Power’s Comments Regarding the Investigation into Resource Adequacy in the State – Staff’s Updated Straw Proposal

Attention: Filing Center,

Idaho Power Company (“Idaho Power” or “Company”) appreciates the opportunity to provide comments to the Public Utility Commission of Oregon (“Commission”) on Staff’s Updated Straw Proposal, recommendations, and proposed next steps in Docket No. UM 2143 – Investigation into Resource Adequacy in the State.

I. BACKGROUND

At its public meeting on January 12, 2021, the Commission adopted¹ Staff’s recommendation to open UM 2143 with the goal of identifying the following: (1) the need and potential urgency for the Commission to act on resource adequacy (“RA”); (2) areas where a state-level program can fill gaps, ensure reliability, and work cohesively with regional efforts, namely Western Power Pool’s (“WPP”) Western Resource Adequacy Program (“WRAP”); and (3) the appropriate levels of complexity and structure necessary to address areas of RA concern.

On October 15, 2021, Staff filed a [Straw Proposal](#) outlining potential standards and requirements for a state RA program. Staff then held a workshop on December 14, 2021, to facilitate discussion around the merits and data requirements of a prospective RA filing as outlined in the straw proposal. Following this workshop, Staff sought data from Load Responsible Entities (“LRE”) under Commission jurisdiction to assess the level of RA in the state. On January 25, 2022, LREs, including Idaho Power, confidentially provided the requested information. Staff aggregated and analyzed this data and then issued a report on March 24, 2022, followed by an opportunity for review in a workshop on April 8, 2022.

¹ Order No. 21-014 (entered Jan. 13, 2021).

In response to stakeholder comments and workshop discussions on Staff's initial straw proposal and report, Staff filed an [Updated Straw Proposal](#) on September 23, 2022. Idaho Power, along with other stakeholders, filed comments in response to the updated straw proposal on November 21, 2022. Following stakeholder comment, the Commission hosted a Special Public Meeting on January 10, 2023, to serve as an informational technical conference on the state of resource adequacy in the West. At this Special Public Meeting, the Commission received presentations from WPP, the Western Electricity Coordinating Council, Northwest Power and Conservation Council, and Commission Staff, which were followed by closing comments and questions from the Commission regarding RA in the West and Staff's proposed state RA standards. Throughout the Special Public Meeting, various stakeholders emphasized the value of regional planning when it comes to RA and the relative urgency in which RA needs to be addressed in the West.

In response to the presentations and discussion at the Special Public Meeting, Staff announced its intention to modify its schedule and release a new updated straw proposal before moving to draft rule language. On February 17, 2023, Staff filed a [revised Updated Straw Proposal](#) with new proposed state RA requirements. In the new updated straw proposal, Staff recommended separate binding standards and compliance requirements depending on entities' WRAP participation status. Staff also made an effort to align state RA requirements with WRAP's compliance requirements, where applicable, and removed any binding standards for WRAP participants.²

II. WRAP STATUS

WRAP was launched in 2019 as an industry-led collaborative involving more than 20 entities in the West, representing approximately 57,300 megawatts of load, and spanning nine states and one Canadian province. The Company, as well as numerous other participants, have devoted considerable resources to develop a comprehensive RA solution through WRAP.

On August 31, 2022, WPP filed a tariff ("WRAP Tariff") with the Federal Energy Regulatory Commission ("FERC") requesting approval of WRAP and its proposed framework for implementation and operation.³ On February 10, 2023, FERC approved the WRAP Tariff and the

² *Id.*, p. 2, 3-4. ("Align with the regional program metrics, and incentivize regional participation"), ("...the standard will be binding and follow a compliance process in the state's RA program for **only** entities that are not part of the WRAP.")

³ ER22-2762, Northwest Power Pool submits tariff filing per 35.1: Western Power Pool Western Resource Adequacy Program Tariff (submitted Aug. 31, 2022).

proposed structure for implementation. In its ruling, FERC underscored the importance of potential benefits of a regional program and the enhanced reliability and RA that WRAP will bring.⁴

In December of 2022 and January of 2023, WPP received formal commitments from 20 utilities to move forward with the next phases of WRAP.⁵ These committed WRAP participants will test the non-binding operational phase of the program starting June 1, 2023, as scheduled.

III. COMMENTS ON STAFF'S STRAW PROPOSAL

A. The Company Appreciates and Acknowledges Staff's Modifications to the Straw Proposal.

Idaho Power appreciates Staff's new updated straw proposal and its direct response to stakeholder feedback regarding the scope of state RA requirements in conjunction with regional RA requirements. As noted in prior comments, Idaho Power considers following WRAP's precedent and implementation to be the most logical and efficient strategy for the specific RA needs of Oregon.

Additionally, Idaho Power previously recommended that state RA requirements remain non-binding for WRAP participants in an effort to avoid any duplicate requirements between the state and the region. Therefore, the Company specifically acknowledges Staff's efforts to align state RA requirements with WRAP requirements and remove any binding state standards for WRAP participants. The Company agrees with Staff "...that resource adequacy is best addressed at the regional level when it comes to within-year operation."⁶ As such, the Company supports Staff's stated intention to incentivize all entities to participate in the WRAP as a means to address state RA concerns.⁷

B. WRAP Participants Do Not Have the Information to Provide a Four-Year Forward Showing.

In its updated proposal, Staff recommends that the state RA standard only be binding for entities that are not part of WRAP.⁸ WRAP utility participants would only be required to submit a four-year informational forward showing in their Integrated Resource Plan ("IRP").⁹ More specifically, Staff proposes that "If the LRE is a participant in a binding RA program, the LRE is

⁴ FERC, ER22-2762-000 National Order, p. 10. ("Through increased coordination, we find that the WRAP has the potential to enhance resource adequacy planning, provide for the benchmarking of resource adequacy standards, and more effectively encourage the use of western regional resource diversity compared to the status quo.")

⁵ WPP, Western Power Pool Approves Nominees for New Independent Board of Directors (Feb. 21, 2023). (www.westernpowerpool.org/news/western-power-pool-approves-nominees-for-new-indep)

⁶ UM 2143 Updated Staff proposal, p. 2 (Feb. 17, 2023).

⁷ *Id.*, p. 2. ("...the updated straw proposal is structured to incentivize regional RA program participation while still laying the groundwork for a workable state RA program for regulated entities that do not participate in a regional RA program.")

⁸ *Id.*, p. 3-4.

⁹ *Id.*, p. 5. ("Informational RA assessment using WRAP techniques filed as a chapter in IRP for WRAP participants.")

required to demonstrate compliance with the regional program’s designated planning reserve”¹⁰ as part of the informational filing. Therefore, all WRAP participants would need to provide a four-year informational forward showing that demonstrates compliance with WRAP’s designated planning reserve margin (“PRM”). While the Company agrees with Staff’s replacement of a binding standard with an informational filing for WRAP participants, the Company raises its concern with Staff’s proposal to submit a four-year informational forward showing because WRAP’s own timeline does not produce forward-showing information that far in advance.¹¹

As a matter of clarity, WRAP participants do not develop forward-showing information in a vacuum. Rather, forward showings are developed in an iterative fashion between the LRE and WRAP. The development of a WRAP forward showing starts with the calculation of a WRAP PRM for each of WRAP’s subregions.¹² The PRM calculation is a joint effort between participants and WRAP. Starting a little more than two years before a specific operating season, WRAP participants submit comprehensive resource, outage, purchase and sale contract, demand response, and historical load and resource data to WRAP. WRAP then conducts a regional assessment of the data relative to WRAP’s specific reliability threshold, and ultimately determines PRMs for use in the forward showings consistent with the WRAP Tariff. Each participant in a subregion will use the PRM provided by WPP for that subregion in each season.

The PRMs are given to WRAP participants for use in their forward-showing submittals more than a year before each operating season. For example, for the Summer 2025 operating season, WRAP participants will receive PRMs for their forward-showing submittal in the Fall/Winter of 2023 – about a year and a half before the operating season.

Given this forward-showing timeline, WRAP participants will not have four years of forward-showing information to provide, as proposed by Staff. WRAP utility participants would have, at most, two years of forward-showing data to include with each IRP—but the amount of data will be dependent on the timing of IRP filing. For example, Idaho Power would be able to include in its 2023 IRP the forward-showing information for the summer of 2023 and winter of 2023/2024 but nothing beyond. Summer 2024 and winter 2024/2025 forward showing information would not be available until after the Company had filed the 2023 IRP this summer.

This particular example raises another issue: forward-showing information is not one set of information, but rather two, reflecting the two distinct operating seasons of WRAP. Because WRAP

¹⁰ *Id.*, p. 3.

¹¹ *Id.*, p. 6. (“File a 4-year informational forward showing in IRP/HB 2021 filings using WRAP techniques and standards outlined above.”)

¹² Section 14.3 of WRAP Tariff. <https://etariff.ferc.gov/TariffBrowser.aspx?tid=7458>

does not provide information for all four seasons of the year,¹³ Idaho Power recommends that any informational requirement appropriately account for the two-season structure of WRAP.

C. Inclusion of a WRAP Forward Showing in the IRP Creates Confusion Around Methodology.

In addition to the inability to provide four years of forward-showing information, the Company is concerned about including any amount of WRAP-associated forward-showing information within the IRP, due to the significant—and reasonable—methodological differences between the derivation of WRAP’s forward showing and the Company’s long-term planning. For instance, as discussed above, the WRAP PRM is determined on a subregional basis, taking into account information from multiple participants. The IRP, on the other hand, is based primarily on the Company’s information.

Further, determination of the WRAP PRM is supported by a probabilistic loss of load expectation (“LOLE”) study, which analyzes the ability of resource generation to reliably serve the WRAP footprint’s load forecast. WRAP assesses an appropriate PRM such that the LOLE does not exceed one event-day in 10 years for the summer and winter seasons, separately. As such, WRAP conducts two separate LOLE studies for the summer and winter seasons. While the Company also uses a one event-day in 10 years LOLE threshold to determine its PRM, the Company conducts its LOLE study over an entire year rather than just one season. So, while WRAP and the Company both use the same LOLE threshold, the time period in which each study is conducted is significantly different and, therefore, the results of the two studies cannot be compared as equal assessments.

In addition to the nuanced differences in respective reliability thresholds, the Company and WRAP use entirely different methodologies for assessing load. On an annual basis, WRAP collects historical hourly load data from each participant, which is then aggregated into a running historical load profile for each participant. When forecasting load for an upcoming operating season, WRAP currently takes the median, or 50th percentile (“P50”), historical hourly load profile for each participant and scales it up to meet the participant’s forecasted peak load. This scaled-up median historical load profile is what WRAP uses for their regional LOLE and PRM studies in preparation for each operating season.

Meanwhile, the Company assesses LOLE using the Company’s load forecast data at the 70th percentile (“P70”). For the latest LOLE study, the Company used six years of historical hourly load data. These historical load profiles are then shaped to match the monthly P70 load forecast for the entire 20-year planning horizon. By using a P70 load forecast, the Company is conducting its LOLE assessment around a load forecast that assumes more extreme peak load conditions than WRAP.

¹³ WRAP Tariff, p. 4. (“Binding Season: The Summer Season or the Winter Season”)

The load forecast and LOLE—as well as the resulting PRM—all work together to define the amount of resource capacity needed for a utility’s system – or, in WRAP’s case, regional – RA and reliability. Because WRAP and the Company employ significantly different load forecast methodologies that feed into significantly different reliability studies, they each will suggest a different amount of resource capacity needed to maintain RA. Further, WRAP quantifies capacity from resources and transmission differently than the Company. WRAP employs their Qualified Capacity Contribution¹⁴ (“QCC”) methodology for their forward showing, while the Company employs its Effective Load Carrying Capability¹⁵ (“ELCC”) methodology to calculate capacity contribution for resources in the IRP. The Company’s ELCC methodology, while similar to elements of WRAP’s QCC methodology, uses considerably different input data and overall study frequency than WRAP’s capacity contribution calculation. For transmission capacity, WRAP considers generation capacity as eligible to meet load plus PRM if there is transmission capacity associated with it (with some exceptions). Transmission capacity alone is not eligible to meet the WRAP load plus PRM forward-showing requirement. On the other hand, in its long-term planning, the Company considers firm transmission import capability from a market hub as eligible to maintain RA.

Considering the above differences, the total load and resource balance quantified in a WRAP forward showing will look significantly different than the load and resource balance in the Company’s IRP. Therefore, the Company is concerned that including a WRAP forward showing in the IRP would invite direct comparison between WRAP’s RA methodologies and the Company’s. Not only would this direct comparison be incorrect, but it could create misunderstanding and confusion about the two distinct planning efforts.

The differences between WRAP’s and the Company’s methodologies are to be expected—they are also logical and reasonable. WRAP is intended to assess RA for an entire regional footprint over two short-term, high-demand seasons, while the Company’s IRP is intended to assess RA for the Company each year over a 20-year period.

IV. RECOMMENDATION & CONCLUSION

As previously stated, the Company supports Staff’s effort to align state RA requirements with the requirements of WRAP. Yet, Staff’s proposal to include four years of forward-showing information in a utility’s IRP cannot be achieved under WRAP’s forward-showing methodology because WRAP’s timing does not result in data four years in advance. The Company appreciates Staff’s desire to reconcile the short-term RA perspective of WRAP with the long-term perspective of the IRP. However, the Company sees the action plan window of the IRP as an adequate assessment

¹⁴ Section 16.2 of WRAP Tariff

¹⁵ Idaho Power’s 2021 IRP, Appendix C: Technical Report, p. 96.

of this mid-term RA issue. However, if Staff maintains its interest in an informational forward showing, Idaho Power finds it more feasible that WRAP participants provide their most recent historical forward showing and their upcoming forward showing, as available by season.

The Company is also concerned that including WRAP forward-showing information within the IRP would create more confusion than clarity to stakeholders and the general public that is less familiar with the distinct methodological differences between WRAP and long-term planning exercises. In an effort to maintain transparency and clarity, Idaho Power recommends any forward-showing information be included as a supplemental exhibit or appendix to the IRP, rather than a chapter in the IRP report. Such a separation would help ensure direct comparison is not drawn between two efforts with distinct purposes and justifiably different methodologies.

Once again, the Company is grateful to Staff for its attempts to align state RA requirements with WRAP. However, more work can be done to ensure that 1) any forward-showing informational requirements align with WRAP efforts, 2) direct comparisons are not drawn between the practical and reasonable methodological differences between WRAP and a utility's long-term planning exercise, and 3) forward-showing information is not placed within the IRP to direct or draw comparisons between incomparable data and efforts. Idaho Power appreciates this opportunity to provide written comments and looks forward to the upcoming stakeholder workshop.

Sincerely,

A handwritten signature in black ink that reads "Abby Johnson". The signature is written in a cursive, flowing style.

Abby Johnson
Regulatory Policy and Strategy Analyst
Idaho Power