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April 24, 2015

VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

Re: UM ____ – In the Matter of IDAHO POWER COMPANY Application for Change in Resource Sufficiency Determination

Attention Filing Center:

Attached for filing is an electronic copy of Idaho Power Company's Change in Resource Sufficiency Determination. Concurrent with this filing, we are making the following related filings:

1. Application to Lower Standard Contract Eligibility Cap and to Reduce the Standard Contract Term;
2. Application for Approval of Solar Integration Charge; and
3. Motion for Temporary Stay of its Obligation to Enter into New Power Purchase Agreements with Qualifying Facilities.

A copy of this filing has been served on all parties to Docket UM 1610 via electronic mail as indicated on the attached certificate of service.

Please contact this office with any questions.

Very truly yours,

Wendy McIndoo
Office Manager

Enclosures
cc: UM 1610 Service List

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document on the service list in Docket UM 1610 the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: April 24 2015


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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM _____**

4
5 In the Matter of
6 IDAHO POWER COMPANY
7 Application for Change in Resource
8 Sufficiency Determination.

**APPLICATION FOR CHANGE IN
RESOURCE SUFFICIENCY
DETERMINATION**

9 **I. INTRODUCTION**

10 Pursuant to OAR 860-001-0400(2) and ORS 758.535(2) Idaho Power Company
11 ("Idaho Power") respectfully requests that the Public Utility Commission of Oregon
12 ("Commission") issue an order modifying the terms and conditions under which Idaho
13 Power enters into power purchase agreements with Qualifying Facilities ("QFs") pursuant
14 to the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Idaho Power requests that
15 the Commission modify the Company's current capacity sufficiency period used to
16 calculate avoided cost contract prices. The updated resource sufficiency determination
17 will accurately reflect the continuation of the Company's demand response programs,
18 which were not included in the load and resource balance in the Company's 2013
19 Integrated Resource Plan ("IRP").

20 More than 400 MW of demand response programs were temporarily suspended in
21 2013 and not included in the 2013 IRP; the suspension of these programs resulted in a
22 first capacity deficit in the year 2016, which is currently included in the avoided cost
23 calculations. See Attachment No.1. However, in December 2013 the Commission
24 approved a stipulation that provided for the continuation of the demand response
25 programs at levels up to 440MW of past years' participation. The Company subsequently
26 had enrolled participation in its demand response programs for 2014 that exceeded 400

1 MW. Inclusion of the demand response programs up to 440 MW moves the 2016 first
2 capacity deficit to the year 2021. See Attachment No. 2. The Idaho Public Utilities
3 Commission ("IPUC") has approved an update to Idaho Power's resource sufficiency
4 period from 2016 to 2021 for both standard and negotiated contracts.¹ Idaho Power now
5 respectfully requests that the Commission similarly update the Company's first deficit year
6 to properly reflect the inclusion of up to 440 MW of demand response, which results in first
7 capacity deficit of July 2021 for avoided cost purposes.

8 Contemporaneously with this filing, the Company is filing applications to (a) lower the
9 cap for standard contracts and reduce the term of QF agreements for wind and solar
10 resources; and (b) approve a solar integration charge. In addition, the Company is
11 requesting a temporary stay on Idaho Power's obligation under PURPA to enter into fixed-
12 price, standard PURPA contracts with QFs pending the resolution of these three
13 substantive filings. In the alternative, the Company's motion requests that the
14 Commission grant the Company's the relief requested by the Company, on an interim
15 basis, pending the outcome of the Commission's investigation of these issues.

16 The Company notified Staff and the parties to docket UM 1610 of its intention to
17 make these PURPA filings. As reflected in the Stipulation re: Issues List filed on February
18 20, 2015, in docket UM 1610, Staff and the parties support the Company's decision to
19 raise these issues in an Idaho Power-specific proceeding, rather than in Phase II of the
20 generic PURPA investigation.

21 Communications regarding this Application should be addressed to:

22 Lisa Rackner
23 McDowell Rackner & Gibson PC
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¹ *Idaho Power Co.*, Case No. IPC-E-13-21, Order No. 33084 (July 30, 2014); *Idaho Power Co.*,
Case No. IPC-E-14-22, Order No. 33159 (Oct. 29, 2014).

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6 II. BACKGROUND

7 In Order No. 12-146 the Commission directed Idaho Power to calculate standard
8 avoided cost prices using the "Oregon Method" which is based upon a combined-cycle
9 natural gas-fired combustion turbine surrogate avoided resource methodology during
10 resource deficient years, and market prices during resource sufficient years. The resource
11 sufficiency period is determined using the Company's most recently acknowledged IRP.
12 The Company's 2013 IRP indicates that the first capacity deficit occurs in July 2016.²
13 Thus, the Company's current Schedule 85 standard avoided cost prices reflect market
14 prices through 2015 (when the Company is resource sufficient) and SAR prices thereafter
15 (when the Company is resource deficient).

16 In April 2013, both the IPUC and the OPUC approved Idaho Power's requests to
17 temporarily suspend the A/C Cool Credit and Irrigation Peak Rewards demand response
18 programs for 2013, based upon the lack of projected capacity deficiencies through 2016,
19 and the associated cost to customers of those demand response programs. Shortly
20 thereafter however the Company, Commission Staff, and several stakeholders executed a
21 stipulation providing for modification and continuation of the demand response programs
22 at levels up to those of prior year's participation. Such stipulation was approved by the
23 Commission in December of 2013.³ Pursuant to the stipulation the Company is obligated
24 to accept demand response participation up to 440 MW, and saw actual participation in
25 2014 that exceeded 400 MW. When this additional capacity is included in the load and

26 ² 2013 IRP at 61.

³ Order No. 13-482.

1 resource balance reflected in the 2013 IRP, the first capacity deficit occurs in July 2021,
2 not July 2016.

3 III. ARGUMENT

4 A. The Continuation of the Company's Demand Response Programs Represents 5 a Significant Change in the Capacity Deficit Identified in the 2013 IRP.

6 Consistent with Order No. 14-058, the Company will be updating its standard
7 avoided cost prices on May 1, 2015.⁴ Given the recent interest in standard contracts as
8 set forth in the Company's contemporaneously filed cases regarding the standard rate
9 eligibility cap, contract term, and solar integration, and the significance of the resulting
10 change to avoided cost prices, however, the Company requests that the Commission
11 update its capacity sufficiency determination now.⁵ Unless the designation of the
12 Company's first capacity deficit is updated immediately, customers will improperly pay
13 SAR based avoided cost rates for the years 2016 through 2021, when the Company is
14 capacity sufficient. For a standard solar QF contract coming online in 2016, the
15 Company's update results in an avoided cost price change from \$70.44 per MWh to
16 \$66.69 per MWh.

17 Failure to update the capacity sufficiency period will result in significant customer
18 harm if the Company is required to enter into long-term, fixed price contracts at the inflated
19 avoided cost price currently reflected on Schedule 85. If the Company is required to sign
20 the 245 MW of proposed solar QF contracts at current avoided cost prices, customers will
21 pay approximately \$24 million more over the life of the contract than they would pay at
22 updated prices.

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25 ⁴ Order No. 14-058 at 25-26.

26 ⁵ Order No. 14-058 at 26 ("we will continue to allow requests for mid-cycle updates for significant changes to avoided cost prices").

1 Moreover, the Company's proposed update is reasonable given that the Commission
2 approved the Company's continuation of its demand response programs,⁶ and the fact that
3 the Company subsequently saw actual demand response participation during 2014 that
4 exceeded 400 MW. Indeed, when acknowledging the 2013 IRP, the Commission revised
5 the "near-term demand response action item" to reflect the Company's agreement to
6 maintain its demand response programs.⁷ Consistent with the Commission's goal of
7 determining the most accurate avoided cost price, it should approve the Company's
8 capacity sufficiency update.⁸

9 The Company's update will also create better alignment of its avoided cost prices
10 across jurisdictions. Based on the Company's demand response programs, the IPUC
11 recently approved Idaho Power's request to update its resource sufficiency period to 2021
12 for both standard and negotiated contracts.⁹ Aligning the resource sufficiency periods in
13 both jurisdictions will reduce the opportunity for regulatory arbitrage.

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⁶ Order No. 13-482.

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⁷ Order No. 14-253 at 11.

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⁸ See e.g., Order No. 05-584 at 19.

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⁹ *Idaho Power Co.*, Case No. IPC-E-13-21, Order No. 33084 (July 30, 2014); *Idaho Power Co.*, Case No. IPC-E-14-22, Order No. 33159 (Oct. 29, 2014).

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IV. CONCLUSION

For all of the reasons stated above, Idaho Power requests that the Commission approve the updated standard avoided cost prices to reflect Idaho Power's resource sufficiency to 2021.

Respectfully submitted this 24th day of April, 2015.

McDOWELL RACKNER & GIBSON PC



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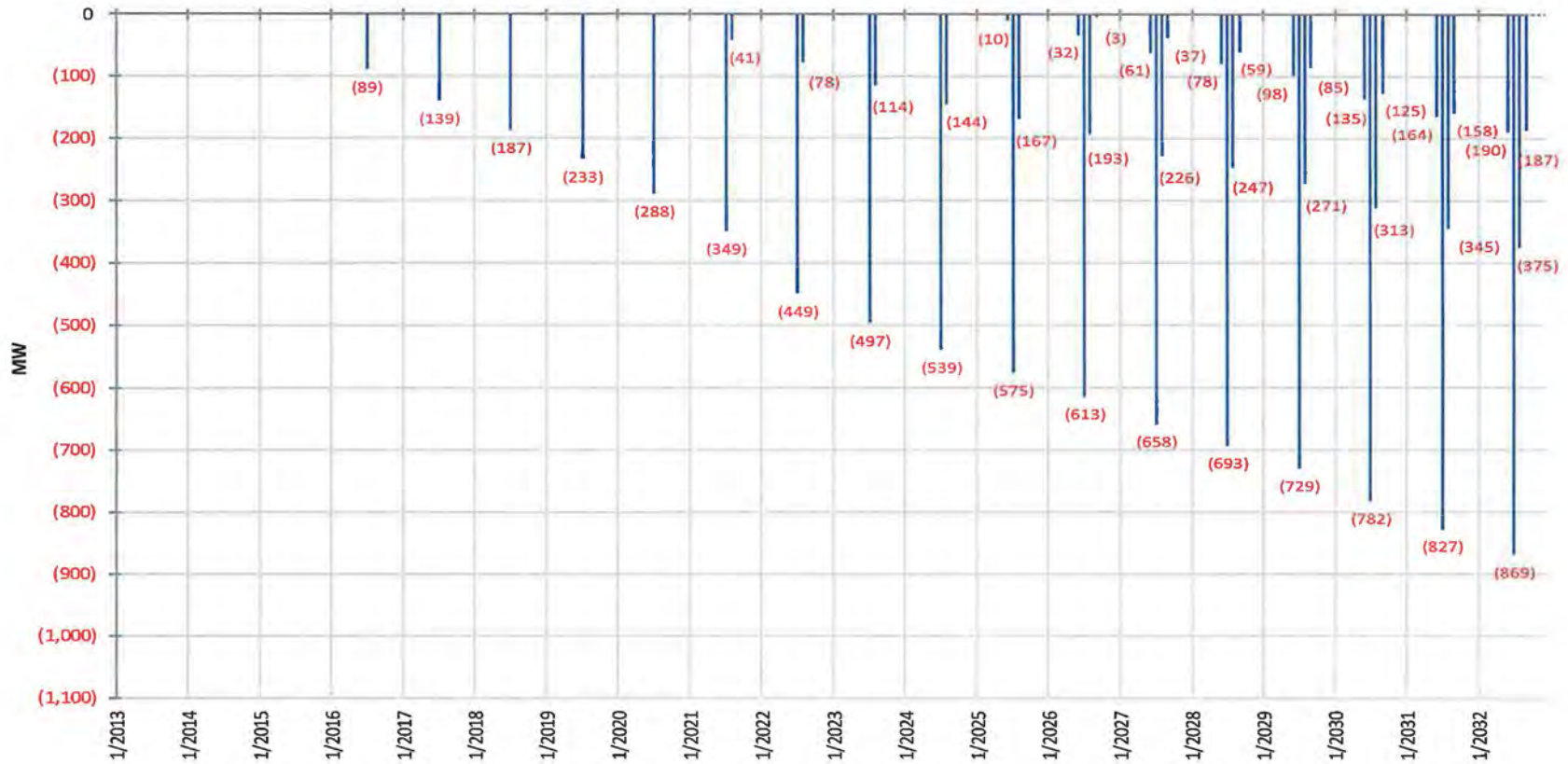
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ATTACHMENT 1

Peak-Hour Surplus/Deficit Charts

(90th Percentile Water and 95th Percentile Load)

Peak-Hour Monthly Deficits with Existing and Committed Resources and Existing Energy Efficiency (2013 IRP)



ATTACHMENT 2

Peak-Hour Surplus/Deficit Charts

(90th Percentile Water and 95th Percentile Load)

Peak-Hour Monthly Deficits with Existing and Committed Resources and Existing Energy Efficiency (2013 IRP with October 2013 Load and September 2013 CSPP Forecasts and Demand Response up to 440 MW)

