



Commission accepts Idaho Power long-range plan

Case No. IPC-E-15-19, Order No. 33441

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BOISE (Dec. 29, 2015) – The Idaho Public Utilities Commission is accepting a 20-year planning document filed by Idaho Power Company, although there is some disagreement from commission staff and other parties over whether the utility has chosen the most cost-effective, least-risk plan to meet load growth.

However, the commission noted that the Integrated Resource Plan (IRP) is for planning purposes only and that acceptance of the plan does not mean all its components will be implemented. The IRP is a “working document that incorporates many assumptions and projections at a specific point in time,” the commission said. “It is a plan, not a blueprint, and by issuing this order we merely acknowledge the company’s ongoing planning process, not the conclusions or results reached through that process.” Regulated electric and gas utilities are required to file an IRP every two years with the commission.

The plan does not anticipate significant new generation resources through the 2020s. It projects customer growth to be about 196,000 from now until 2035, adding about 1.2% to the company's average energy demand and 1.5% to its peak demand.

To meet load growth, Idaho Power anticipates acquiring 60 megawatts from new demand response programs, 20 megawatts from development of an ice-based thermal energy storage plan, and the construction of a 300-MW natural gas plant in about 2031.

The plan also assumes that much of the increased demand in the near future will be met by completion of the 500-kilovolt Boardman (Oregon) to Hemingway transmission line, expected to be operational by 2020 or shortly thereafter.

Idaho Power is anticipating that Units 1 and 2 of the North Valmy, Nevada, coal plant it co-owns with Nevada Energy will be retired by 2025. Commission staff and other intervenors to the case said the company’s preferred portfolio is more costly and risky than portfolios that would close the North Valmy Unit 1 six years earlier in 2019. But Idaho Power claims that early closure would immediately increase customer rates by \$6 million annually in depreciation expense.

North Valmy Unit 1 isn't fully depreciated until 2031 and Unit 2 until 2034. Idaho Power gets about 260 MW from the North Valmy units.

Commission staff said Idaho Power's preferred portfolio was the sixth-most risky of 11 studied. Idaho Power said that while 2019 North Valmy retirement performed well in an economic analysis, early closure carries considerable risk due to a number of factors including the administration's Clean Power Plan and uncertainty surrounding PURPA solar projects, the completion date of the Boardman to Hemingway Transmission line, and whether regulators will allow depreciation expense of early coal plant retirement to be included in customer rates.

Since Idaho Power's IRP was filed last June, some of those risk factors have been lessened, commission staff said. Idaho's emission-reduction targets under the Clean Power Plan have been reduced and the compliance period extended. Furthermore, a recent commission order limits solar and wind PURPA contracts to two years. The commission encouraged the company "to more clearly explain" to stakeholders why the company chose a portfolio with a 2025 closure of North Valmy instead of 2019.

Staff and other stakeholders said Idaho Power's cost models that deduct achievable energy savings from the company's load forecast does not treat supply-side resources and demand-side resources equally. (Supply-side resources include traditional generation while demand-side resources include programs that reduce or shift demand from peak-use periods.) Idaho Power claims doing so would give demand-side resources preferential treatment.

In its order, the commission said Idaho Power should further explore whether it could more effectively incorporate energy efficiency by using cost models similar to those used by PacifiCorp, Avista Utilities, Puget Sound Energy and the Northwest Power and Conservation Council.

The Idaho Conservation League said Idaho Power overestimates solar costs and Clean Power Plan compliance costs while underestimating achievable energy efficiency.

The Snake River Alliance said Idaho Power should not rely too much on completion of the Boardman to Hemingway transmission line because of the project's history of delays. The utility should also take into account "social costs" related to carbon-based generation. It also said Idaho Power is not progressing rapidly enough in developing community solar projects.

The Sierra Club said Idaho Power should make an effort to more fairly estimate solar costs and should also consider transmission and distribution expense and not just generation expense in its financial analyses.

All of the intervening parties commended Idaho Power for inviting participation from various stakeholders in what they said was an improvement over past IRPs.

The commission's entire order as well as Idaho Power's full IRP is available on the commission's website at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-15-19.