



Case No. IPC-E-16-19, Order No. 33627

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Commission taking comments through Dec. 15 on Idaho Power request to join western EIM

BOISE (December 2, 2016) – The Idaho Public Utilities Commission is taking comment through December 15 on an Idaho Power Company application to join other Western utilities in an Energy Imbalance Market (EIM).

The imbalance market would allow Idaho Power to pool its generation with neighboring utilities to more accurately balance production to demand. Idaho Power claims the move could reduce net power supply expense to customers by as much as \$4 million to \$5 million annually.

Utilities like Idaho Power typically begin each hour with generation to match its anticipated load. But during the hour, imbalances occur when the supply of energy does not equal demand. When that happens, Idaho Power relies on dispatches from its own generation and extra reserves to balance supply with demand. The EIM operates on a nearly real-time basis with multiple participants, as opposed to more conventional long-term two-party contracts that deliver energy in hourly blocks. EIM's advanced market systems automatically find the lowest-cost energy to serve real-time consumer demand across a wide geographic area. Administered by the California Independent System Operator (CAISO), the EIM would enable Idaho Power to have access to an automated five-minute energy dispatch service across a broader footprint in the West with many more deployable resources.

Idaho Power wants the commission 1) to make a finding that its participation in the EIM could benefit customers in the long-term, 2) authorize a deferral account to track costs associated with participating in the EIM and 3) allow the company to recover those costs from customers in a future rate case. Idaho Power hopes to join the EIM in April 2018.

PacifiCorp, which operates as Rocky Mountain Power in eastern Idaho, joined with CAISO to form the EIM in 2014. Since then, NV Energy, Puget Sound Energy and Arizona Public Service Company have joined the EIM. Portland General Electric is scheduled to join in October 2017.

Joining the EIM does not mean Idaho Power would give up control over its own generating resources, but it would no longer independently operate its own generation dispatch.

Idaho Power claims that participation in the EIM will likely result in cost savings that will benefit customers over the long-term. Moving from an hourly market to a five-minute imbalance market is expected to lead to increased surplus sales opportunities when Idaho Power is generating more electricity than it needs as well as cost savings from increased access to other suppliers' lower-cost generation.

Further, Idaho Power claims, the EIM would allow for more efficient integration of intermittent wind and solar resources, which currently make the management of energy imbalance more complex. The renewable energy could be dispatched to serve customers in other service territories helping to prevent curtailment of intermittent resources, which would benefit wind and solar operators.

According to Idaho Power, the increased sales and lower cost power supply would lead to lower net power supply expense for the company, 95 percent of which is passed on to customers. The company's supporting testimony also indicates that participation in the EIM may result in improved transmission congestion and enhanced reliability.

There are upfront costs, estimated to be about \$11.1 million, which include start-up expense (\$1.7 million), software integration costs (\$7.9 million) and metering investment (\$1.5 million). In addition to the upfront expense is an ongoing operational expense of about \$836,000 annually for labor and ongoing market and hosted software fees of about \$786,000 annually beginning in April 2018. However, Idaho Power claims the net decrease in power supply costs will more than offset start-up and annual operational expenses. Idaho Power is proposing to defer collection of start-up costs until after participation in the EIM begins and benefits start flowing to customers.

The EIM is governed by a five-member body that is financially independent from market participants. Members are selected by a nominating committee that includes several stakeholders, including EIM participants, transmission owners, suppliers and marketers of generation, publicly owned utilities, state regulators and public interest and consumer advocate groups.

Interested parties that have intervened in the Idaho case include the Industrial Customers of Idaho Power, the Snake River Alliance and the Idaho Conservation League.

Public comments are accepted through December 15 by accessing the commission's website at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Consumers" heading. Fill in the case number (IPC-E-16-19) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074. A copy of Idaho Power's application along with its supporting testimony is available on the commission's website. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-16-19.