

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION)	CASE NO. GNR-E-21-01
STAFF’S APPLICATION TO UPDATE)	
INPUTS TO THE “SURROGATE AVOIDED)	ORDER NO. 35052
RESOURCE” METHOD AVOIDED COST)	
RATES)	

On April 16, 2021, Commission Staff applied to update the natural gas forecast and make administrative changes to the model used to calculate published avoided cost rates for eligible qualifying facilities (“QFs”). Under the Public Utility Regulatory Policies Act of 1978 (“PURPA”), the Commission uses the surrogate avoided resource (“SAR”) method to calculate published avoided cost rates for eligible QFs that sell power to Avista Corporation dba Avista Utilities (“Avista”), Idaho Power Company (“Idaho Power”), and PacifiCorp dba Rocky Mountain Power (“Rocky Mountain Power”).

Besides updating the gas forecast used in the Commission’s SAR model, Staff recommended updating the model to ensure Avista’s wind integration charges reflect Avista’s current wind penetration, and that Idaho Power’s wind integration charges are deactivated.¹

On April 26, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 35020.

On May 11, 2021, Avista submitted comments stating it had verified Staff’s update and that it supports Staff’s recommendation to update its wind integration charges in the SAR model.

On May 13, 2021, Idaho Power submitted comments stating it had verified Staff’s update and that it agrees with Staff’s recommendation to deactivate wind integration charges in the SAR model.

On May 20, 2021, Rocky Mountain Power submitted comments stating it had verified Staff’s update.

BACKGROUND

The Commission calculates and publishes SAR rates for QFs that are under the applicable resource type project eligibility cap. In Order No. 32697, the Commission found that the final release of U.S. Energy Information Administration (“EIA”) Annual Energy Outlook

¹ Idaho Power’s wind integration charges are published in Schedule 87 and applied to individual QF contracts outside the SAR model.

automatically triggers a re-calculation of published avoided cost rates. In Order No. 32802, the Commission clarified that an update should occur on June 1 or within 30 days of the final release of the Annual Energy Outlook, whichever is later. Following the issuance of Orders No. 32697 and 32802, Staff annually updated natural gas price inputs into the SAR model and a Staff attorney sent letters to the utilities requesting each utility verify that Staff had correctly updated and calculated the published avoided cost rates. The letters were filed with the Commission and served to open the dockets for the annual updates. Historically, Notices of Application were not issued for these cases because “this annual update is a simple arithmetic re-calculation to an established methodology that is accomplished administratively as a matter of course.” Order No. 34350 at 1 citing Order Nos. 33305, 33538, and 33773.

Last year, the Commission approved a more formal process to update inputs to the SAR model. Order No. 34628. The Commission stated, “Subsequent annual SAR updates will be initiated with an Application to the Commission. Despite the change in procedure to allow for better tracking and transparency, this update is still intended to be a simple arithmetic calculation to an established methodology.” *Id.*

COMMISSION FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission has the power to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* § 61-501. The Commission also has authority under PURPA and the implementing regulations of the FERC to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

Having reviewed the record, we find that Staff correctly calculated the annual updates using the Commission-approved method. We find the updated published avoided cost rates are fair, just, and reasonable. We also find it appropriate to approve and memorialize the updates to Avista’s and Idaho Power’s wind integration charges in this proceeding.

ORDER

IT IS HEREBY ORDERED that the updated published avoided cost rates contained in Staff’s Application for Avista, Idaho Power, and Rocky Mountain Power are approved, effective June 1, 2021. *See* Order No. 35052 Attachments A-F.

IT IS FURTHER ORDERED that the updates to Avista’s and Idaho Power’s wind integration charges for the SAR model are approved, effective June 1, 2021.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th day of May 2021.



PAUL KJELLANDER, PRESIDENT

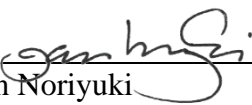


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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