

DAYN HARDIE  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
P.O. BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0312  
IDAHO BAR NO. 9917

RECEIVED  
2022 APR 21 PM 2: 21  
IDAHO PUBLIC  
UTILITIES COMMISSION

Street Address for Express Mail:  
11331 W CHINDEN BVLD, BLDG 8, SUITE 201-A  
BOISE, ID 83714

Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF COMMISSION )  
STAFF’S APPLICATION TO UPDATE ) CASE NO. GNR-E-22-01  
INPUTS TO THE “SURROGATE AVOIDED )  
RESOURCE” METHOD AVOIDED COST ) APPLICATION  
RATES )  
\_\_\_\_\_ )**

Commission Staff, pursuant to Commission Rule of Procedure 52, the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (“PURPA”), and as directed by Order No. 34628, hereby respectfully applies to the Idaho Public Utilities Commission (“Commission”) for an order updating inputs to the surrogate avoided resource method (“SAR Method”) model, making administrative changes to the SAR Method model, and approving the SAR Method avoided cost rates attached to this Application to be effective June 1, 2022.

In support of this Application, Commission Staff represents as follows:

**I. BACKGROUND**

The Commission calculates and publishes SAR Method rates for qualifying facilities (“QF” or “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 automatically triggers a recalculation 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 entered the updated natural gas price inputs into the SAR Method model and a Staff attorney sent letters to the utilities requesting each utility verify that Staff updated and calculated the published avoided cost rates correctly. The letters were filed with the Commission and served to open the dockets for the annual updates. Notices were not generally issued. The Commission stated, “The Commission has consistently held that 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.

In 2020, the Commission approved a more formal process to update inputs to the SAR Method. 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.*

## **II. THE UPDATES**

Staff updated the natural gas forecast in the SAR Method model to the “reference case” natural gas price forecast for the Mountain Region’s Electric Power sector included in the Energy Information Administration (“EIA”) Annual Energy Outlook 2022 released on March 3, 2022. A copy of the relevant natural gas price forecast is included on the AEO2022-EnergyPricesMountain tab in the attached SAR Method model. Staff has also improved how avoided costs of capacity data is presented for Idaho Power’s Energy Storage QFs, with rates presented for online years 2022 through 2027.

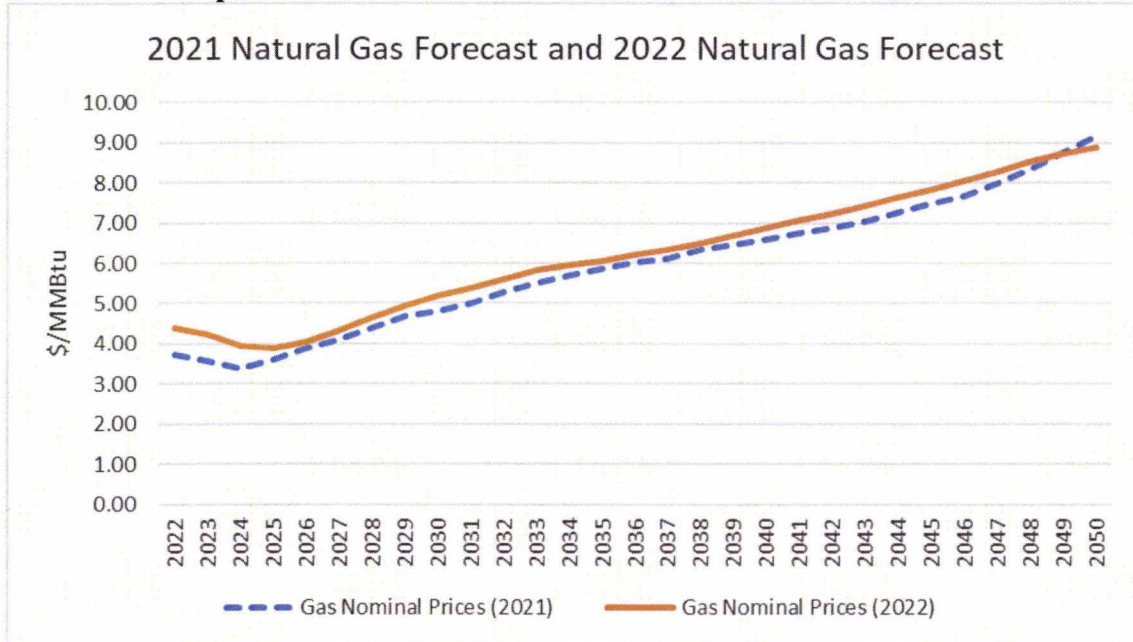
Attached to this Application are the following:

- a. An updated SAR model incorporating all the updates mentioned above.
- b. Attachment A (IPCO Avoided Cost Rates for New Contracts).
- c. Attachment B (IPCO Avoided Cost Rates for Renewal Contracts).
- d. Attachment C (Avista Avoided Cost Rates for New Contracts).
- e. Attachment D (Avista Avoided Cost Rates for Renewal Contracts).
- f. Attachment E (PAC Avoided Cost Rates for New Contracts).
- g. Attachment F (PAC Avoided Cost Rates for Renewal Contracts).

### III. NATURAL GAS PRICE FORECAST COMPARISON

Staff compared the 2022 natural gas forecast and the 2021 natural gas forecast published by the EIA. See Table No. 1, below. Although the two forecast trends are similar overall, new avoided cost of energy based on the 2022 natural gas forecast will be higher than current avoided cost of energy until around 2049, because the new forecast is slightly higher until 2049.

**Table No. 1: Comparison of 2021 Natural Gas Forecast and 2022 Natural Gas Forecast**



### IV. MODIFIED PROCEDURE

Commission Staff believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under the Commission’s rules of Modified Procedure; i.e., by written submissions rather than by hearing. IDAPA 31.01.01.201–204. If, however, the Commission determines that a technical hearing is required, the Commission Staff stands ready to prepare and present its testimony in such hearing.

### V. COMMUNICATIONS AND SERVICE OF PLEADINGS

Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Dayn Hardie  
Deputy Attorney General  
P.O. Box 83720  
Boise, ID 83702-0074  
[dayn.hardie@puc.idaho.gov](mailto:dayn.hardie@puc.idaho.gov)

Mike Louis  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83702-0074  
[mike.louis@puc.idaho.gov](mailto:mike.louis@puc.idaho.gov)

## VI. REQUEST FOR RELIEF

Commission Staff respectfully requests the Commission issue an order: (1) authorizing this matter to be processed by Modified Procedure; (2) updating the SAR Method model as described herein and (3) after the record is fully submitted approving the updated SAR Method avoided cost rates shown in the attachments to this Application with an effective date of June 1, 2022.

Respectfully submitted this 21<sup>st</sup> day of April 2022.



Dayn Hardie  
Deputy Attorney General

I:\Legal\ELECTRIC\GNR-E-22-01\GNRE2201\_App\_dh.rtf

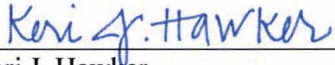
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 21<sup>st</sup> day of April 2022, I served the foregoing **APPLICATION**, in Case No. GNR-E-22-01, Via Electronic Mail to the following:

Donovan E. Walker  
Energy Contracts  
Idaho Power Company  
1121 W. Idaho Street 83702  
P.O. Box 70  
Boise, ID 83707-0070  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)  
[energycontracts@idahopower.com](mailto:energycontracts@idahopower.com)

Ted Weston  
Emily Wegener  
Rocky Mountain Power  
1407 West North Temple, Ste. 330  
Salt Lake City, UT 84116  
[ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)  
[emily.wegener@pacificorp.com](mailto:emily.wegener@pacificorp.com)

David Meyer  
Michael Andrea  
Avista Corporation  
P.O. Box 3727  
1411 East Mission Avenue  
Spokane, WA 99220-3727  
[david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)  
[michael.andrea@avistacorp.com](mailto:michael.andrea@avistacorp.com)  
[avistadockets@avistacorp.com](mailto:avistadockets@avistacorp.com)

  
\_\_\_\_\_  
Keri J. Hawker  
Legal Assistant to Dayn Hardie