

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER CHATBURN
COMMISSIONER HAMMOND
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DAYN HARDIE
YAO YIN

DATE: JUNE 21, 2022

RE: UPDATED SURROGATE AVOIDED RESOURCE (“SAR”) MODEL AND
UPDATED AVOIDED COST RATES FOR CASE NOS. IPC-E-21-09 AND
GNR-E-22-01.

BACKGROUND

On April 9, 2021, Idaho Power Company (“Company”) filed Case No. IPC-E-21-09 and applied for Commission approval of its First Capacity Deficiency Date determination for avoided cost calculations under the Public Utility Regulatory Policies Act of 1978 based on its Second Amended 2019 Integrated Resource Plan (“IRP”).

On February 4, 2022, the Company filed an Amended Application, seeking to implement a First Capacity Deficiency Date of July 2023.

On May 25, 2022, the Commission issued Order No. 35415, approving a First Capacity Deficiency Date of July 2023.

On May 31, 2022, the Commission issued Order No. 35422 in Case No. GNR-E-22-01, approving the natural gas forecast update from U.S. Energy Information Administration (“EIA”) Annual Energy Outlook to be effective on June 1, 2022. The order also directed that “[u]pon issuance of this Order, and to conform to our decision in Order No. 35415, Idaho Power’s SAR rates should be updated to reflect Idaho Power’s new capacity deficiency date in the summer of 2023.”

On June 13, 2022, Staff updated the SAR Model and the avoided cost rates, using the First Capacity Deficiency Date approved by Order No. 35415 in Case No. IPC-E-21-09 and the natural

gas forecast approved by Order No. 35422 in Case No. GNR-E-22-01, and sent both the Model and the rates to the Company for verification.

On June 13, 2022, the Company filed a Comment Letter with the Commission, confirming that the rates for both updates were correct.

STAFF ANALYSIS


Under ideal circumstances, the SAR-based rates would have been updated first to reflect the new First Capacity Deficiency Date authorized in Order No. 35415, and then updated again to reflect the natural gas forecast authorized with an effective date of June 1, 2022. However, because the updated Capacity Deficit Date was approved on May 25, 2022, and standard practice involves several additional weeks for the Company to verify the rates in the SAR Model after each update is authorized by the Commission, it was not practical to process each set of rates separately due to the short time between the two orders. After the issuance of Order No. 35415, Staff notified the Company it was processing both updates concurrently and asked to be notified if rates were required that reflect only the updated First Capacity Deficiency Date for the period between May 25, 2022, and June 1, 2022. Staff did not receive a request from the Company.

STAFF RECOMMENDATION

Because the updated SAR Model and the associated avoided cost rates reflect both the First Capacity Deficit in July 2023, which was effective May 25, 2022, and the updated natural gas forecast was effective June 1, 2022, Staff recommends that the Commission approve the updated rates effective date of June 1, 2022.

COMMISSION DECISION

Does the Commission wish to approve the updated avoided cost rates filed by Staff on June 13, 2022, with a retroactive effective date of June 1, 2022?



Dayn Hardie
Deputy Attorney General