

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: EDWARD JEWELL
DEPUTY ATTORNEY GENERAL

DATE: FEBRUARY 21, 2020

SUBJECT: IN THE MATTER OF IDAHO POWER COMPANY'S 2019
INTEGRATED RESOURCE PLAN; CASE NO. IPC-E-19-19.

On June 28, 2019, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting the Commission accept the Company's 2019 Integrated Resource Plan ("IRP").

On July 19, 2019, the Company filed a letter stating that the Company had identified the need to perform supplemental analysis in order to confirm the accuracy of the IRP's conclusions and findings. The Company estimated the additional analysis could be completed and filed by October 31, 2019.

On August 13, 2019, the Commission issued a Notice of Application acknowledging the Company's requested extension of time and stating the Commission would issue a Notice establishing procedure and deadlines after the Company submitted its updated 2019 IRP analysis. Order No. 34410.

On October 28, 2019, the Company filed a letter stating it would need until November 8, 2019, before it could provide a new estimated filing date.

On November 8, 2019, the Company filed a letter stating it would file its supplemental IRP analysis no later than January 31, 2020.

On January 31, 2020, the Company filed its amended 2019 IRP.

THE IRP

The IRP is a biennial status report on the Company's plans to adequately and reliably serve its customers over the next twenty years through a least-cost least-risk resource mix. The

IRP assesses resource options across a range of futures with varying forecasts for economic, market, and regulatory conditions. In the 2019 IRP, Idaho Power used AURORA, a long-term capacity expansion software, to develop resource portfolios for 24 different futures based on three natural gas forecasts and four possible carbon emission adders, which were modeled under a future with the Boardman to Hemingway transmission line project (“B2H”) coming online in 2026, and a future without B2H coming online. The Company then selected its preferred portfolio based on a mix of identified attributes and developed an action plan through 2026. The Company engaged in eight public meetings with the IRP advisory council, which includes representatives from key stakeholders, while developing the 2019 IRP.

SUPPLEMENTAL IRP ANALYSIS

This is the first year the Company has used the long-term capacity expansion modeling function of the AURORA software. In response to a Staff Production Request in IPC-E-19-14, which was the Company’s Application to approve a power purchase agreement for the Jackpot Solar facility, the Company identified counterintuitive model results using the AURORA software. *See* Order No. 34515 at 4. Because the model was optimized to the Western Electricity Coordinating Council (“WECC”) territory, and not Idaho Power’s service territory, the resulting model runs were sub-optimal (not least cost) for Idaho Power’s system. *Id.* This concern had been raised by Staff at Integrated Resource Plan Advisory Council (“IRPAC”) meetings and in meetings with the Company. The counterintuitive results produced by the model in IPC-E-19-14 indicated larger issues with the modeling used to develop the IRP.

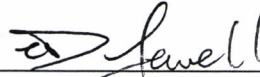
To resolve these issues to the best of its ability, the Company “developed a hybrid solution in which it utilized the computer-based WECC-optimized model to develop 24 initial portfolios, then performed a manual process to modify a subset of the top-performing portfolios, with the ultimate goal of improving upon the modeled results and arriving at a least-cost, least-risk portfolio specific to Idaho Power.” Idaho Power January 31, 2020, Letter to the Commission. The Company also updated model inputs related to the Jackpot Solar and Franklin Solar facilities, costs associated with natural gas supply expansion, returned to the previous method of utilizing an after-tax discount rate for net present value calculations, and included projected third-party transmission revenues associated with B2H. *Id.* The Company held additional IRPAC meetings to discuss its revised IRP.

STAFF RECOMMENDATION

The Commission already issued a Notice of Application in this matter. Order No. 34410. Idaho Conservation League and Idahydro already intervened. Order No. 34401. Staff recommends the Commission issue a Notice of Amended Integrated Resource Plan and Notice of Intervention Deadline. Staff recommends the Notice indicate that parties who have already intervened do not need to re-petition for intervention. Staff recommends a 14-day intervention period, after which the parties will confer and submit a proposed procedure and schedule to the Commission.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Amended Integrated Resource Plan and a Notice of Intervention Deadline, and set a 14-day intervention period?



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