

DECISION MEMORANDUM

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

**FROM: EDWARD JEWELL
DEPUTY ATTORNEY GENERAL**

DATE: MARCH 6, 2020

**SUBJECT: APPLICATION OF IDAHO POWER FOR APPROVAL OF THE
CAPACITY DEFICIENCY TO BE UTILIZED FOR AVOIDED COST
CALCULATIONS; CASE NO. IPC-E-19-20.**

On June 28, 2019, Idaho Power Company (“Company”) filed an Application requesting the Commission approve a first capacity deficit date of July 2029 to be used in avoided cost calculations under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On July 19, 2019, the Company filed a letter in IPC-E-19-19 stating that it needed additional time to perform modeling and analysis for its 2019 Integrated Resource Plan (“IRP”). The revised IRP analysis may affect the first capacity deficit date.

On August 13, 2019, the Commission issued a Notice of Application, which referenced the Company’s letter, and stated that no further action would be taken on the Application until the Company submitted its amended 2019 IRP.

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

THE APPLICATION

Under PURPA, the Commission has established a surrogate avoided resource (“SAR”) methodology and an Integrated Resource Plan (“IRP”) methodology to calculate avoided cost rates for qualifying facilities (“QFs”). Eligibility for SAR or IRP avoided cost rates is determined by the QF’s resource type and project size. Under both methods, a QF receives capacity payments only after the applicable capacity deficit date is reached. The capacity deficit date in effect when the QF establishes a legally enforceable obligation with the Company is the

applicable capacity deficit date for that QF. The capacity deficit date for both methods is determined by data and modeling in the Company's IRP.

STAFF RECOMMENDATION

Staff recommends the Commission dismiss the Company's Application and direct the Company to refile its Application once its amended 2019 IRP is acknowledged by the Commission. Staff makes this recommendation based on prior Commission order and because the supplemental analysis performed for the amended IRP will require an updated capacity deficiency date analysis.

In its Application, the Company cites Order No. 32697, which directed the utilities to submit a capacity deficiency case when the utility submits its IRP. Upon reviewing the Application, Staff noticed the Company did not cite Order No. 33917 from PAC-E-17-09, which is applicable to the Company's Application. In that order, the Commission stated,

As to the timing of the Company's and other electric utilities' capacity deficiency filings, we find it reasonable for the utilities to postpone such filings until after we have completed our consideration of the utilities' IRP reports and acknowledged them. Rocky Mountain did not oppose this change in timing, and it does not appear to have a negative impact on the utilities or their planning processes and will ensure improved efficiency and greater comprehensiveness of Staff's review. We therefore amend Order No. 32697 to direct the utilities to file their first capacity deficiency cases after the Commission has acknowledged their IRP reports.

Order No. 33917 at 4. The Commission went on to order "that each Idaho electric utility shall submit its updated capacity deficiency filing after the Commission has acknowledged its IRP report, rather than upon its IRP filing, thus amending Order No. 32697." *Id.*

In addition to the directives of Order No. 33917, Staff believes it is appropriate for the Commission to dismiss the Company's Application and direct the Company to submit a new Application once its amended 2019 IRP is acknowledged because doing so would ensure that the capacity deficiency analysis is based on the best information available. In Staff Comments in PAC-E-17-09, Staff stated

it would be more efficient to delay each utility's capacity deficiency filing until after Commission has acknowledged the utility's IRP, to avoid duplicative efforts by the parties, and to 'ensure that all factors that could affect the first capacity deficiency

date are covered through the comprehensive nature of the IRP acknowledgment review.'

Order No. 33917 at 3. In light of the modeling issues encountered with the 2019 IRP, Staff believes it is particularly appropriate in this instance to wait until the amended IRP has been acknowledged before engaging in the capacity deficiency analysis.

In communication with counsel for Idaho Power, the Company indicated it would like an opportunity to respond to Staff's recommendation.

COMMISSION DECISION

Does the Commission wish to dismiss the Company's Application in this case and direct the Company to resubmit the Application upon acknowledgement of the Company's amended 2019 IRP, as required by Order No. 33917? Or,

Does the Commission wish to issue a Notice of Modified Procedure and give the Company, and any interested persons, 21 days to comment and 7 days to reply specifically on whether the capacity deficiency filing should be made at the time the Company files its IRP or at the time the Company's IRP is acknowledged?



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