

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER’S) CASE NO. IPC-E-20-02
PETITION TO DETERMINE THE)
PROJECT ELIGIBILITY CAP FOR) NOTICE OF
PUBLISHED AVOIDED COST RATES AND) COMPLIANCE FILING
THE APPROPRIATE CONTRACT)
LENGTH FOR ENERGY STORAGE) ORDER NO. 34844
QUALIFYING FACILITIES)

On January 21, 2020, Idaho Power Company (“Idaho Power” or “Company”) petitioned the Commission to determine avoided cost rates, contract terms, and conditions applicable to energy storage qualifying facilities (“QF” or “QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On February 10, 2020, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 34552. No parties intervened.

On June 23, 2020, the Commission issued a Notice of Modified Procedure. Order No. 34699. The Commission set an initial comment deadline of July 16, 2020, a deadline for interested persons to respond to the initial comments and requests for public input of August 6, 2020, and a deadline of August 27, 2020 for the parties to file follow-up comments. Renewable Northwest, Idaho Conservation League, and Clenera, LLC filed responses to Staff’s request for public input.

On September 3, 2020, the Company filed a motion and reply comments.

On October 2, 2020, the Commission issued a final order granting the Company’s requested relief and directing the Company to implement a new method to calculate avoided capacity costs for energy storage QFs and to make a compliance filing within 30 days of the order to implement the new method. Order No. 34794.

On October 30, 2020, the Company made a compliance filing pursuant to Order No. 34794.

Now, the Commission issues this Notice of Compliance Filing, establishing deadlines to comment on the compliance filing. This additional comment period is intended to provide thorough vetting of the Company’s implementation of the avoided cost of capacity for energy storage QFs. This comment period does not allow reconsideration of the underlying issues already decided in Order No. 34794.

BACKGROUND

In Order No. 34794, the Commission established energy storage QFs as a new category of QF based on the unique output characteristics of energy storage QFs. The Commission determined that energy storage QFs above 100 kW are eligible for incremental cost Integrated Resource Plan (“IRP Method”) avoided cost rates for two-year terms. The Commission found that the IRP Method suitably recognizes the individual characteristics of QFs, is analytically sound, uses publicly vetted inputs, and produces reasonably accurate avoided energy costs. Order No. 34794 at 12-13. Additionally, the Commission recognized that the process by which IRP Method contracts are negotiated allows opportunity for the parties to include contract provisions that recognize the project-specific values provided by the QF, such as ancillary services or specific generation output profiles. *Id.*

The Commission also established a new method to calculate avoided capacity costs for energy storage QFs that differs from the method used to calculate capacity costs for other types of QFs in Idaho. The Commission determined it was reasonable to align the avoided cost of capacity more closely with the QF’s ability to offset the utility’s need to procure additional capacity. The Commission stated,

To properly compensate QF projects for capacity during the hours when capacity costs can be avoided, the avoided cost of capacity should be paid only on production during the hours identified as the Company’s peak hours. The Duke Energy Method is one method that will accomplish this objective. It will provide greater compensation to QF projects during the hours when generation is needed to actually avoid capacity costs and will replace the averaging of capacity payments over all hours. We direct the Company to make a compliance filing within 30 days implementing this new method. An energy storage QF will continue to lock-in the first capacity deficit date when it establishes a legally enforceable obligation or signs a contract with the utility. As long as the QF renews its contract and continuously sells power to the utility, the QF is entitled to capacity based on the capacity deficiency date established at the time of its initial contract.

Order No. 34794 at 14.

NOTICE OF COMPLIANCE FILING

YOU ARE HEREBY NOTIFIED that Idaho Power states it made no changes to the approved IRP Method for calculating avoided capacity rates in its compliance filing, except that

the capacity portion of the avoided cost rates would be paid only during peak hours. Compliance Filing at 2. Idaho Power proposes to use the same load forecast it currently uses in the IRP Method to calculate its avoided cost of energy to also define eligibility for capacity payments under the IRP Method. *Id.* at 3. Idaho Power proposes to update the load forecast every year with the annual October 15 update to the IRP Method. *Id.*

YOU ARE FURTHER NOTIFIED that besides the IRP Method load forecast it used to determine peak hours, the Company states it also calculated “premium peak hours” that it characterizes as a subset of peak hours in which output from an energy storage QF would be more valuable to the Company’s system. *Id.* at 4-5. To determine the premium peak hours, the Company analyzed metrics from its: 1) load, net of solar, and: 2) its Loss of Load Probability, and; 3) Energy Imbalance Market Locational Marginal Pricing. *Id.* at 5 – 7.

YOU ARE FURTHER NOTIFIED that the Company has identified its system peak hours as: 1:00 pm to 10:00 pm in July and from 3:00 pm to 8:00 pm in August. *Id.* at 2. The Company has identified premium peak hours as: 6:00 pm to 10:00 pm in July and from 4:00 pm to 8:00 pm in August. *Id.*

YOU ARE FURTHER NOTIFIED that the Commission has previously determined and continues to find that the public interest may not require a formal hearing in this matter, and that it will continue to proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that **interested persons and parties to the case must file any comments on the compliance filing with the Commission by December 29, 2020.** The comments should state the parties’ position on the compliance filing. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this compliance filing should be sent electronically, unless email is not available, to the Commission and the Applicant at the email addresses reflected below:

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, Idaho 83714

For Idaho Power:

Donovan E. Walker
Idaho Power Company
1221 West Idaho Street 83702
P.O. Box 70
Boise, ID 83707-0070
Email: dwalker@idahopower.com
dockets@idahopower.com

Comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via email may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment Form" under "Consumers," and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Petitioner.

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments by January 12, 2021.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that interested persons and parties must submit any comments by December 29, 2020. The Company must submit any reply comments by January 12, 2021.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 34781, issued September 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th
day of November, 2020.



PAUL KJELLANDER, PRESIDENT

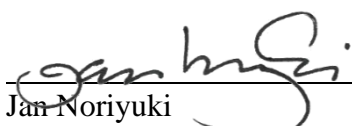


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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