

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-20-35
COMPANY’S ANNUAL COMPLIANCE)
FILING TO UPDATE THE LOAD AND GAS)
FORECAST COMPONENTS OF THE) ORDER NO. 34881
INCREMENTAL COST INTEGRATED)
RESOURCE PLAN AVOIDED COST)
METHODOLOGY)

On October 15, 2020, Idaho Power Company (“Idaho Power” or “Company”) applied to update the load forecast, natural gas forecast, and contracts it uses to calculate its incremental cost Integrated Resource Plan (“IRP Method”) avoided cost rates. The Company must update these inputs by October 15 of each year. Order Nos. 32697 and 32802.

On November 13, 2020, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 34832. Commission Staff filed comments recommending approval of the annual updates.

Now, the Commission approves the annual update.

BACKGROUND

Under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and the Federal Energy Regulatory Commission’s (“FERC”) implementing regulations, this Commission has approved the IRP Method to calculate avoided cost rates for qualifying facilities (“QFs”) that are above the resource-specific project eligibility cap. QFs below the applicable project eligibility cap are eligible to receive published avoided cost rates calculated using the surrogate avoided resource (“SAR Method”). *See* Order No. 32697 at 7-8. The avoided cost rate is the purchase price paid to QFs for the energy and capacity that the QF provides to the utility. 18 C.F.R. § 292.101(b)(6) (defining “avoided cost”). To ensure that avoided costs most accurately reflect the utility’s marginal cost of energy and capacity, the Commission has directed utilities to “update fuel price forecasts and load forecasts annually – between IRP filings,” and to update the Commission about the utility’s “long-term contract commitments because of [their] potential effect . . . on a utility’s load and resource balance.” *See* Order No. 32697 at 22.

THE APPLICATION

Idaho Power stated that its updated load forecast shows a projected decrease in load compared to the 2019 update. The Company proposed to update its natural gas forecast to the most recent Energy Information Administration (“EIA”) Natural Gas Henry Hub Spot Price: High Oil and Gas Resource and Technology forecast published on January 29, 2020, which indicates an overall decrease in the annual natural gas price forecast compared to the 2019 update. For example, this year’s proposed update shows a 2020 forecasted price of \$2.69/MMBtu in nominal dollars compared to \$3.07/MMBtu in the 2019 update, and a 2036 forecasted price of \$4.18/MMBtu compared to \$5.01 used in the 2019 update. Idaho Power stated it currently has three non-PURPA long-term power purchase agreements (“PPA”) that are online: Elkhorn Valley Wind with 101 MW, Raft River Geothermal with 13 MW, and Neal Hot Springs Geothermal with 22 MW. In addition, the Company reported it has a non-PURPA long-term PPA with Jackpot Holdings, LLC for 120 MW of solar scheduled to come online in December 2022. The Company reported 14 replacement PURPA contracts have been executed since the last update representing 18.98 MW, one new hydro QF contract for 0.8 MW has been signed, and a 4.5 MW biomass QF contract has been terminated.

STAFF COMMENTS

Staff recommended the Commission approve the Company’s Application. Staff reviewed the load forecast and natural gas forecast and believes them to be reasonable. Staff reviewed the long-term contracts and believes the information is correct. To review the load forecast, Staff compared this year’s update to the updates submitted in 2018 and 2019. Staff believes the slight reduction in forecasted load over the early years of the forecast and a return to previously anticipated load is reasonable given the ongoing coronavirus pandemic. Similarly, Staff compared this year’s natural gas forecast to those submitted in 2018 and 2019. Staff notes this year’s forecasted natural gas prices for the years 2020 through 2036 are 9.97% to 19.71% lower per year than the 2019 update and 14.52% to 27.88% lower per year than the 2018 forecast over the same time period. Staff also compared the natural gas forecasts used by Idaho’s three major electric utilities and found a high level of similarity despite using different sources and methods, particularly in the first two years of the forecasts. Staff believes the Company’s natural gas forecast is reasonable because of similarities between the utilities and natural gas market conditions are predicted to continue to be favorable.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Pursuant to this authority, we have reviewed the record, including the Application and comments. We find that the filing complies with our directives in Order Nos. 32697 and 32802. The load growth and natural gas price forecasts are reasonable given the information available at this time, and the contract information has been confirmed.


ORDER

IT IS HEREBY ORDERED that Idaho Power's annual updates to its energy load, natural gas price forecasts and contracts are reasonable and approved, effective October 15, 2020.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of December 2020.



PAUL KJELLANDER, PRESIDENT

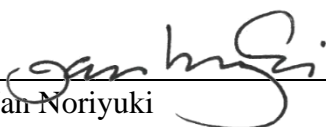


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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