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IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

July 28, 2021

VIA ELECTRONIC MAIL

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 West Chinden Blvd., Building 8
Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-21-09
Idaho Power Company's Application for Capacity Deficiency To Be Utilized
For Avoided Cost Calculations

Dear Ms. Noriyuki:

Attached for electronic filing is Idaho Power Company's Reply Comments in the above entitled matter. If you have any questions about the attached documents, please do not hesitate to contact me.

Very truly yours,

Donovan E. Walker

DEW:cld
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR)	CASE NO. IPC-E-21-09
APPROVAL OF THE CAPACITY)	
DEFICIENCY TO BE UTILIZED FOR)	IDAHO POWER COMPANY'S
AVOIDED COST CALCULATIONS.)	REPLY COMMENTS
)	
)	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 201, *et seq.*, as well as the Idaho Public Utilities Commission's ("IPUC" or "Commission") Notice of Modified Procedure in this matter, Order No. 35091, hereby respectfully submits the following Reply Comments.

I. INTRODUCTION

On April 9, 2021, Idaho Power filed an Application for Approval of the Capacity Deficiency to be Utilized for Avoided Cost Calculation with the Commission. This Application was made after the Commission's acknowledgment of the Company's Second Amended 2019 Integrated Resource Plan ("IRP"), and pursuant to Order No. 34649, Case No. IPC-E-19-20.¹ The Industrial Customers of Idaho Power ("ICIP") and the Idaho

¹ Order No. 34649 dismissed Idaho Power's previously filed Application for approval of the capacity

Hydroelectric Power Producers Trust (“IdaHydro”) were granted intervention on June 23, 2021. Order No. 35084. Commission Staff (“Staff”) and IdaHydro filed Comments on July 21, 2021. ICIP did not file Comments.

IdaHydro requests, “that the capacity deficiency date for PURPA QF avoided costs be set at a mid-summer month in 2023.” IdaHydro Comments, p 2. IdaHydro refers to the Company’s Notice of Intent to seek requests for proposals that references a capacity need identified as early as Summer 2023 and asks the Commission to establish the same for PURPA avoided costs. *Id.*, at p 1-2.

Staff issued several discovery requests and filed Comments recommending that the Company update the first capacity deficit from that contained in the acknowledged Second Amended 2019 Amended IRP, which was that contained in the Company’s Application, by incorporating several updates and changes. Staff Comments, p 1-2, 10. Staff also recommends that the Commission open a generic docket to determine the timing of the deficiency date filing in relation to the timing of the IRP, “*i.e.*, after the filing of an IRP, after the acknowledgment of an IRP, or at other times.” *Id.* at p 10.

II. REPLY COMMENTS

Idaho Power appreciates IdaHydro and Staff’s review and Comments. The Company acknowledges an apparent difference between the first capacity deficit that appears in the acknowledged 2019 Amended IRP (2028) and that which is referenced in the Company’s Notice of Intent to seek requests for proposals and the Request for Proposals itself seeking generation to meet an identified capacity deficit in 2023. As Staff

deficiency to be utilized for avoided cost calculations that was made at the time of filing of the 2019 IRP, and directed the Company to make the filing after Commission acknowledgment of the IRP.

discussed in its Comments, this difference is due to several factors including differences in timing, changed circumstances, and differing methodological approaches between the 2019 and 2021 IRPs. Also, as noted by Staff, the unusually long delay in the processing of the 2019 IRP, combined with the change in timing of the filing of the capacity determination for avoided costs from the time of filing of the IRP to the time of acknowledgment of the IRP caused an unusually large overlap in timing between the 2019 and 2021 IRP cycles, and a longer period of time over which circumstances changed. Idaho Power agrees with and accepts Staff's recommended changes and adjustments to the capacity deficiency date which are as follows:

- Utilize the most recent load forecast developed by the Company;
- Reduce the amount of Market Purchases from southern pathways by 310 MW and only include 50 MW starting in 2021;
- Allow non-PUPRA PPAs to expire on their actual expiration dates;
- Reflect contract changes since the preparation of the L&R, which include PURPA contract updates identified in Response to Staff's Production Request No. 7 and approval of the Jackpot Solar contract; and
- Correct the capacity value of Valmy Unit 2 and Bridger.

Staff Comments, p 10. The Company is prepared to make the above adjustments to the load and resource balance used to determine the first capacity deficit date, should the Commission direct the same, and the Company requests up to two weeks with which to make the compliance filing implementing the adjustments.

With regard to Staff's recommendation to open a generic docket to determine when the biannual deficiency date should be filed in relation to the IRP filing date, or IRP acknowledgment, or some other time in relation to the IRP, Idaho Power reiterates its preference that the capacity deficiency filing occur as it was originally directed to occur by the Commission: at the time of filing of the IRP. It is important to have changes in avoided costs be implemented in a consistent, certain, and expeditious manner. Prolonged delay and potentially protracted investigation and litigation over changes to avoided costs and its various inputs introduces uncertainty into the process, the potential for legally enforceable obligation claims and "grandfathering" issues related to the previously effective rates, and the potential that customers may be harmed by a QF's ability to lock-in a long term rate that may have otherwise been updated in a shorter, more concise update process.

The capacity deficiency date determined in the IRP is presumed to be correct as a starting point but will be subject to the outcome of the capacity deficiency case for avoided costs, separate from the IRP. Order No. 32697. Idaho Power believes the original incarnation of the capacity deficiency filing, made at the time of the filing of the IRP provides a better balance of utilizing current information, allowing opportunity to update for changed information from that which was utilized in the IRP, and implementing an avoided cost update in an expeditious and consistent manner and proceeding. If the capacity deficiency filing is removed in time until after the acknowledgment of the IRP, or later, then more things can change, the potential for conflict between different methodological approaches across different IRPs can emerge, and as happened with the 2019 IRP and in this case can cause a long and protracted delay and uncertainty as to

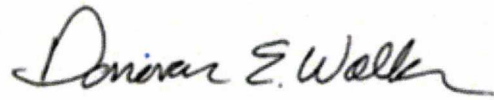
the appropriate avoided cost rates. The farther away from the filing date of the IRP that the filing of the capacity deficit case occurs, the more opportunity there is for divergence from the first deficit contained in the IRP. The Company believes that using the IRP first deficit date as a starting point is correct, and that the most expeditious way to separately update the first capacity deficiency for avoided costs using the IRP first deficit as a starting point is to initiate the case at the time of filing, and run it simultaneously with the IRP review.

Although Idaho Power appreciates Staff's recommendation to open a generic case to determine the timing of the capacity deficiency filing in relation to the IRP, and supports the Commission's consideration of this topic, the Company believes the Commission could direct that the timing of the filing should revert back to the originally directed timing - to be made at the time the IRP is filed - without further proceedings.

III. CONCLUSION AND RECOMMENDATIONS

Idaho Power appreciates IdaHydro and Staff's review and Comments. Idaho Power agrees with and accepts Staff's recommended changes and adjustments to the inputs in the load and resource balance used to determine the capacity deficiency date, and should the Commission direct the same the Company requests up to two weeks with which to make the compliance filing implementing the adjustments. Idaho Power also supports Staff's recommendation for the Commission to re-examine the timing for the filing of the capacity deficiency filing, however, the Company proposes that the Commission revert the capacity deficiency filing to be made at the time of filing of the IRP, as it was originally directed, without further process or procedure.

Respectfully submitted this 28th day of July 2021.

A handwritten signature in black ink that reads "Donovan E. Walker". The signature is written in a cursive style with a large initial 'D'.

DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of July 2021, I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

John Hammond
Deputy Attorney General
Idaho Public Utilities Commission
Po Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email:
john.hammond@puc.idaho.gov

Industrial Customers of Idaho Power
Peter J. Richardson ISB # 3195
Gregory M. Adams ISB # 7454
RICHARDSON ADAMS, PLLC
515 N. 27th Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email:
peter@richardsonadams.com
greg@richardsonadams.com

IdaHydro
C. Tom Arkoosh
ARKOOSH LAW OFFICES
913 w. River Street, Suite 450
P.O. Box 2900
Boise, ID 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email:
tom.arkoosh@arkoosh.com
erin.cecil@arkoosh.com



Christy Davenport, Legal Assistant