

RECEIVED

2021 MAY 13 PM 3:04

IDAHO PUBLIC  
UTILITIES COMMISSION

**DONOVAN E. WALKER**  
Lead Counsel  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)

May 13, 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-21-15  
Idaho Power Company's Application to Update the Gas Forecast in the  
Incremental Cost Integrated Resource Plan Avoided Cost Model

Dear Ms. Noriyuki:

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

Attachment No. 1 to the Application is confidential. Please handle the confidential information in accordance with the Protective Agreement to be executed in this matter.

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](mailto:dwalker@idahopower.com)

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO POWER COMPANY'S	)	
APPLICATION TO UPDATE THE GAS	)	CASE NO. IPC-E-21-15
FORECAST IN THE INCREMENTAL	)	
COST INTEGRATED RESOURCE PLAN	)	APPLICATION
AVOIDED COST MODEL	)	
	)	
	)	
	)	

---

Idaho Power Company ("Idaho Power") hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") to update the natural gas forecast from the acknowledged 2019 Integrated Resource Plan ("IRP") that is utilized in the Incremental Cost Integrated Resource Plan ("ICIRP") avoided cost methodology.

**I. INTRODUCTION**

In its final Order No. 32697, the Commission determined that the inputs to the ICIRP avoided cost methodology, utilized for all proposed Public Utility Regulatory Policies Act of 1978 ("PURPA") Qualifying Facility ("QF") projects that exceed the published rate eligibility cap, will be updated every two years upon acknowledgement of

the utility's Integrated Resource Plan ("IRP") filing, with the exception of the load forecast and the natural gas forecast—which is to be updated annually by October 15 of each year. The Commission stated:

We find that, in order to maintain the most accurate and up-to-date reflection of a utility's true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings. For the sake of consistency, these annual updates should occur simultaneously with SAR updates – on June 1 of each year. In addition, it is appropriate to consider long-term contract commitments because of the potential effect that such commitments have on a utility's load and resource balance. We find it reasonable to include long-term contract considerations in an IRP Methodology calculation at such time as the QF and utility have entered into a signed contract for the sale and purchase of QF power. We further find it appropriate to consider PURPA contracts that have terminated or expired in each utility's load and resource balance. We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).

Order No. 32697, p. 22. The date for the annual update was later changed from June 1 to October 15 of each year. Order No. 32802.

Because of significant delay in reaching acknowledgement of the 2019 IRP, the October 2020 update of the gas and load forecast for the ICIRP methodology was based upon the last acknowledged IRP which was the 2017 IRP. On October 15, 2020, the Company applied to the Commission to update the load forecast and natural gas forecast used in the ICIRP avoided cost methodology which utilized Idaho Power's 2017 IRP as the basis of the methodology and the source of the 2017 IRP gas forecast was the U.S. Energy Information Administration's ("EIA") Henry Hub High Oil and Gas Resource and Technology forecast. See Case No. IPC-E-20-35. The Commission approved the annual update in Order No. 34881 issued on December 29, 2020.



On March 16, 2021, the Commission issued Order No. 34959 in Case No. IPC-E-19-19 that acknowledged the Company's 2019 IRP. The 2019 IRP uses a natural gas forecast provided by S&P Global Platts ("Platts"). The ICIRP avoided cost methodology has been updated to utilize inputs from the acknowledged 2019 IRP. However, because of the timing associated with the 2019 IRP review and acknowledgement in relation to the October update, if the Company were to utilize the gas forecast from the acknowledged 2019 IRP, it would be utilizing a forecast that both uses a different source and is not as current as that approved in the 2020 October update. The Company believes that an out-of-cycle update to the gas forecast from the acknowledged 2019 should be approved and utilized in the ICIRP avoided cost methodology. This would apply the same natural gas forecast acknowledged for resource planning and acquisition in the 2019 IRP (S&P Global Platts), as well as using the most up-to-date information available for that gas forecast (2021 Platts forecast vs. 2018 Platts forecast from the acknowledged 2019 IRP).

Consistent with the Commission's prior orders, should this update to the natural gas forecast be approved by the Commission, the updated ICIRP avoided cost methodology will be utilized by Idaho Power as the starting point for the negotiation of its contractual avoided cost rates.

## **II. NATURAL GAS PRICE FORECAST**

Idaho Power requests the use of the natural gas forecast from the acknowledged 2019 IRP, the Henry Hub and Sumas Basis Annuals from S&P Global Platts' Long-term Forecast, updated to the published March 4, 2021, forecast. Use of this forecast indicates an approximate 3% overall decrease in the average annual natural gas forecast prices over the remaining period in comparison to the 2018 natural gas price forecast from the

acknowledged 2019 IRP. Although the updated Platts natural gas forecast shows a slight decrease overall, it does contain yearly increases in 2021-2023 and 2039-2040. The remaining middle years are all lower. Because the Platts forecast is subscription-based and proprietary, this information has been included herewith as Confidential Attachment No. 1. Confidential Attachment 1 contains Table 1 which is a comparison of the yearly (2021-2040) natural gas forecast from the 2019 IRP and the 2021 updated gas forecast for the S&P Global Platts Long-term Natural Gas Forecast, and Table 2, which is a graphical representation of the same numbers.

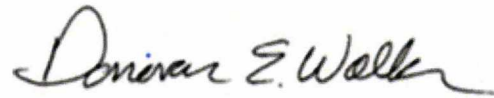
### **III. CONCLUSION**

The Commission established an annual update to the natural gas forecast utilized in the ICIRP methodology specifically and expressly, “to maintain the most accurate and up-to-date reflection of a utility’s true avoided cost, utilities must update fuel price forecasts and load forecasts annually – between IRP filings.” Order No. 32697, p. 22. In maintaining consistency with the principle that the most up-to-date information be utilized for the establishment of avoided cost pricing, the Commission has allowed utilities to update the gas forecast in the ICIRP consistent with the basis and methods utilized in its IRPs, and to update those forecasts to the most current forecasts. See, Case No. AVU-E-20-10. Because of the unusual delay in the 2019 IRP, updating to the acknowledged 2019 natural gas forecast would be significantly out of date.

Idaho Power hereby respectfully submits this updated natural gas forecast information in compliance with the Commission’s directives in Order Nos. 32697 and 32802 and asks the Commission to approve use of the gas forecast from the

acknowledged 2019 IRP, the Henry Hub and Sumas Basis Annuals from S&P Global  
Platt's Long-term Forecast, updated to the published March 4, 2021, forecast.

Respectfully submitted this 13<sup>th</sup> day of May, 2021.

A handwritten signature in black ink, reading "Donovan E. Walker". The signature is fluid and cursive, with the first name "Donovan" being more prominent.

---

DONOVAN E. WALKER  
Attorney for Idaho Power Company