

RECEIVED
2022 FEB 11 PM 1:52
IDAHO PUBLIC
UTILITIES COMMISSION



DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

February 11, 2022

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-21-35
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 Petition for Clarification and/or Reconsideration in the above entitled matter. If you have any questions about the attached documents, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink that reads "Donovan E. Walker". The signature is fluid and cursive.

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 ANNUAL COMPLIANCE)	CASE NO. IPC-E-21-35
FILING TO UPDATE THE LOAD AND GAS)	
FORECASTS IN THE INCREMENTAL)	IDAHO POWER COMPANY'S
COST INTEGRATED RESOURCE PLAN)	PETITION FOR CLARIFICATION
AVOIDED COST MODEL)	AND/OR RECONSIDERATION
)	

Idaho Power Company ("Idaho Power" or "Company"), petitioner herein, pursuant to RP 33, 325, and 331, et seq., and *Idaho Code* § 61-626, hereby respectfully petitions the Idaho Public Utilities Commission ("Commission" or "IPUC") for clarification and/or reconsideration of Final Order No. 35294, dated January 21, 2022, issued in Case No. IPC-E-21-35 ("the Order"). Idaho Power seeks clarification regarding that portion of the Order that directs modifications to the natural gas forecast used in the Incremental Cost Integrated Resource Plan ("ICIRP") avoided cost model. This Petition is based upon the following:

I. LEGAL STANDARD

Any person may petition to clarify any order of the Commission. *RP 325*. A petition for clarification of a final order does not toll the time for reconsideration or appeal and may be combined with a petition for reconsideration or stated in the alternative as a petition

for clarification and/or reconsideration. *Id.* The Commission may clarify any order on its own motion. *Id.*

A party must seek reconsideration prior to initiating an appeal to the Idaho Supreme Court. *Idaho Code* § 61-627. An issue not presented to the Commission on reconsideration will not be considered on appeal. *Key Transp. Inc. v. Trans Magic Airlines Corp.*, 96 Idaho 110, 524 P.2d 1338 (1974). “The purpose of an application for rehearing is to afford an opportunity to the parties to bring to the attention of the Commission in an orderly manner any question theretofore determined in the matter and thereby afford the Commission an opportunity to rectify any mistake made by it before presenting the same to this Court.” *Washington Water Power Co., v. Kootenai Environmental Alliance*, 99 Idaho 875, 879, 591 P.2d 122, 126 (1979)(citing *Idaho Underground Water Users Ass’n v. Idaho Power Co.*, 89 Idaho 147, 404 P.2d 859 (1965); *Consumers Co. v. Public Utilities Comm’n*, 40 Idaho 772, 236 P. 732 (1925)).

The Commission may grant reconsideration by reviewing the existing record, by submission of briefs, memoranda, written comments, interrogatories, and statements or by evidentiary hearing. RP 331, 332.

II. BACKGROUND

On October 15, 2021, Idaho Power filed its annual Compliance Filing pursuant to Order Nos. 32697 and 32802 to update the load forecast and natural gas forecast components of the Incremental Cost Integrated Resource Plan (“ICIRP”) avoided cost methodology. On November 5, 2021, Idaho Power filed a Supplement to the Annual Compliance Filing, pursuant to Order No. 34913, to add the first update to the Peak Hours and Premium Peak Hours used to calculate payment for battery storage resources in the

ICIRP avoided cost model. On November 22, 2021, Idaho Power filed a Second Supplement to the Annual Compliance Filing to provide the gas price forecast in nominal pricing rather than in real pricing. Staff filed Comments on December 21, 2021, recommending the use of an alternative gas price forecast (the “NYMEX” forecast) for the first three years of the forecast period. On December 28, 2021, the Company filed Reply Comments supporting the use of the gas price forecast it had proposed (the “Platts” forecast) and offering a December vintage of that forecast as an alternative to the NYMEX forecast.

On January 21, 2022, the Commission issued Final Order No. 35294. The Order directs Idaho Power to “file a three-year natural gas forecast update as a compliance filing to this case, utilizing the latest NYMEX forwards prices to determine IRP avoided cost rates for contracts signed after January 1, 2022, until the effective date of the next natural gas price forecast annual update.” Order No. 35294 at 11. The Order rejected the December version of the Platts forecast, finding it “inappropriate for use with this annual load and gas forecast” because it was generated after the intended October 15 annual update. *Id.* at 10.

III. PETITION FOR CLARIFICATION AND/OR RECONSIDERATION

Idaho Power respectfully asks the Commission to grant clarification and/or reconsideration in this matter on two specific issues related to the Order’s direction regarding the natural gas price forecast.

A. Vintage of NYMEX Forwards for First Three Years – The Order directed Idaho Power to submit a compliance filing using three years of “the latest NYMEX forward prices.” Idaho Power requests clarification that the Commission intended for Idaho Power to use NYMEX forwards as of October 15, 2021, for the compliance filing (in other words, the NYMEX forwards as of October 15 for 2022, 2023, and 2024). Idaho

Power believes the Commission's intent was for the forwards to be as of the October 15, 2021, date of this annual update and not a more recent forecast date, despite the use of the word "latest" in the ordering paragraph. This interpretation is supported by the Commission's rejection of the December 2021 vintage Platt's forecast, which was rejected due to being generated after October 15. Idaho Power respectfully requests the Commission clarify that Idaho Power should use the October 15, 2021, NYMEX forwards, and not the forwards from some later date, for the first three years of the forecast.

To the extent the Commission declines to provide this clarification, Idaho Power requests reconsideration based on the inconsistency between the direction to use the "latest" NYMEX forwards and the Commission's finding that the December Platt's forecast is inappropriate due to it being generated after October 15.

B. Term of Natural Gas Price Forecast – The Order directs the Company to "file a three-year natural gas forecast update as a compliance filing to this case" and to reevaluate the forecast methodology prior to the next annual update. Order No. 35294 at 11. Idaho Power respectfully requests confirmation that the Commission intended to direct the Company to file an updated 20-year gas price forecast, with the first three years (2022-2024) of the forecast compiled using NYMEX forwards. While the Order could be read to direct Idaho Power to file *only* the first three years of a forecast, Idaho Power believes that was not the Commission's intent. Idaho Power's October 15 annual updates have historically included ten or more years of natural gas price forecasts. Further, while ICIRP avoided cost methodology contracts are limited to a maximum term of two-years, a project requesting ICIRP-based pricing could request a term starting one or more years in the future. The ICIRP model would need gas forecast pricing for at least the full term requested by the project, which may extend beyond 2024. Additional years of pricing are necessary to ensure that the ICIRP model functions as intended and can calculate pricing

for the full term requested by a given project.

To illustrate: a project could enter the queue now seeking a Scheduled Operation Date of December 1, 2024, in which case avoided cost pricing would need to be calculated for the period of December 1, 2024 through November 30, 2026. Natural gas forecast pricing would need to be available at least through 2026 in order for the model to be able to calculate avoided cost pricing. Thus, Idaho Power believes the Commission intended for it to file an updated natural gas price forecast using NYMEX for the first three years and Platt's for the remainder of the 20-year forecast period. Idaho Power requests confirmation of this point.

To the extent the Commission directs Idaho Power to file only three years of the natural gas price forecast, Idaho Power requests reconsideration of this direction based on the modeling and contract term concerns described above.

C. Transition from NYMEX to Platt's After Year 3 of the Forecast – If the Commission provides the confirmation requested by Idaho Power in section B above such that Idaho Power is directed to file more than three years of natural gas forecast pricing, Idaho Power requests confirmation that the Commission intended that Idaho Power use the NYMEX forward pricing as of October 15, 2021, for the first three years, and then transition to the July vintage of the Platts forecast in year four and for the remainder of the forecast period. Specifically, Idaho Power proposes to transition to Platts in year four by averaging the NYMEX and Platts' prices for that year, and then using the Platt's prices exclusively for years five through twenty. Idaho Power believes this is a reasonable approach and is generally consistent with the forecast method used by Avista and Rocky Mountain Power, as described by Staff in Staff's Comments. Thus, Idaho Power respectfully requests the Commission clarify that Idaho Power is directed to update the natural gas forecast pricing using this approach.

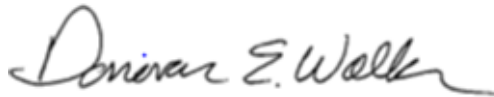
**IV. NATURE AND EXTENT OF EVIDENCE AND ARGUMENT
TO BE OFFERED ON RECONSIDERATION**

RP 331 requires that Idaho Power state the nature and extent of evidence or argument it will present or offer if reconsideration is granted. Idaho Power respectfully asks that the Commission grant clarification and/or reconsideration in this matter. Should the Commission grant reconsideration, Idaho Power stands ready to augment the evidentiary record by additional comments, legal briefing, testimony, exhibits, and hearing, any or all of which as determined to be appropriate and at the discretion of the Commission.

V. CONCLUSION

Idaho Power respectfully requests that the Commission issue an order granting clarification and/or reconsideration of Final Order No. 35294 as set forth herein.

Respectfully submitted this 11th day of February 2022.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of February 2022 I served a true and correct copy of the within and foregoing Idaho Power Company's Petition for Clarification and/or Reconsideration upon the following named parties by the method indicated below, and addressed to the following:

Riley Newton
Idaho Public Utilities Commission
P.O. Box 83720
11331 West Chinden Blvd, Bldg 8
Suite 201-A
Boise ID 83714

Emailed to:
riley.newton@puc.idaho.gov



Christy Davenport, Legal Assistant