

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-22-30
COMPANY’S APPLICATION FOR)	
AUTHORITY TO ESTABLISH)	
COMPENSATION FOR THE)	
MANDATORY INTERRUPTION)	ORDER NO. 35888
REQUIREMENT OF SCHEDULE 20 –)	
SPECULATIVE HIGH-DENSITY LOAD)	
)	

On December 28, 2022, Idaho Power Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for an order prior to the start of the June 15 – September 15 interruption period: (1) establishing a compensation rate of \$0.0734 per kilowatt (“kW”) per hour of interruption for Large General Service Rates under Schedule 20, and \$0.0835 per kW per hour of interruption for Large Power Service Rates (“Proposed Rates”) or, in the alternative, (2) deferring implementation of a compensation structure for the mandatory interruption requirement of Schedule 20 until evaluation of cost assignment responsibility for Schedule 20 was completed in a general rate case.

On January 18, 2023, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 35666. No one intervened.

The Company filed a Scheduling Request on February 22, 2023, after conferring with Staff, stating that it no longer sought a Commission order in this case before June 15, 2023.

On March 8, 2023, the Commission issued a Notice of Modified Procedure setting public comment and Company reply deadlines. Order No. 35699. Staff filed comments to which the Company replied. No other comments were filed.

With this Order, we approve the Application as filed.

BACKGROUND

On November 4, 2021, the Company applied to the Commission for authority to establish a new electric service schedule (Schedule 20) to serve speculative high-density load customers—specifically, large-scale cryptocurrency mining operators.¹ Schedule 20 incorporated the features of the Company’s existing Schedule 9 (Large General Service) and Schedule 19 (Large Power

¹ *In the Matter of Idaho Power Company’s Application for Authority to Establish New Schedule To Serve Speculative High-Density Load Customers*, Case No. IPC-E-21-37, Application at 1-2 (Nov. 4, 2021).

Service) rate design but made three modifications: (1) implementation of mandatory, uncompensated fully interruptible service during the summer peak season for up to 225 hours a year; (2) a reallocation of the portion of cost-of-service derived summer generation capacity costs currently collected in an on-peak demand charge; and (3) energy priced at marginal cost.

The Commission initially approved the implementation of Schedule 20, as filed. *See* Order No. 35428 at 7. GeoBitmine LLC filed a Petition for Reconsideration of Order No. 35428. In its final order on reconsideration, the Commission affirmed all three provisions of Schedule 20, with one exception. *See* Order No. 35550 at 16. Specifically, the Commission found that the record would not support mandatory uncompensated interruption. Although the Commission believed that mandatory interruptible service during the summer peak season under Schedule 20 was reasonable, the Commission did not believe the record supported implementation of an “uncompensated mandatory interruptible service provision.” *Id.* at 22. Accordingly, the Commission directed the Company to apply to the Commission for the determination of a reasonable rate under Schedule 20.

THE APPLICATION

The Company explained its Schedule 20 included a requirement for mandatory, uncompensated interruption at the Company’s discretion annually between the hours of 1:00 p.m. to 11:00 p.m., Monday through Friday, excluding holidays, from June 15 through September 15, with a maximum of ten hours per interruption event and not to exceed 225 hours a year.

The Company’s Application sought a Commission order (1) establishing the Proposed Rates under Schedule 20; or (2) deferring the approval of the compensation for mandatory interruption under Schedule 20 until after an evaluation of cost assignment responsibility is determined in the Company’s upcoming general rate case.

The Company stated the Proposed Rates were its primary recommendation for compensation under Schedule 20. The Company explained that these rates “were derived by dividing the annual peak load functionalized per kW cost by the total potential hours of interruption”—for Large General Service customers (\$16.51 divided by 225 hours) and for Large Power Service customers (\$18.79 divided by 225 hours). Application at 9-10.

The Company’s alternative recommendation proposed forgoing compensation to Schedule 20 customers until there is an evaluation of cost assignment responsibility in a general rate case.

The Company explained that there are currently no customers taking service under Schedule 20. However, the Company noted that potential customers under Schedule 20 would likely operate with high load factors, often greater than 90%, which results in a higher coincidence to the Company's system peak. These characteristics—energy use and coincidence to system peak—the Company claimed, distinguished Schedule 20 customers from customers taking service under Schedules 9 and 19. The Company explained that energy use and coincidence to system peak are two factors largely comprising class cost assignment. The Company expressed concern that, until it has Schedule 20 customers from which it can collect data and is able to evaluate cost assignment responsibility in a general rate case, non-Schedule 20 customers could over-compensate Schedule 20 customers for mandatory interruption.

STAFF COMMENTS

I. The Need for Interruptible Compensation

Staff believed that including interruptible compensation was justified for Schedule 20 because Schedule 20 is based on previously approved rate structures in Schedules 9 and 19. However, under Schedule 20, Staff noted customers would pay for some on-peak demand-related costs through the Schedule's billing demand charge justifying some form of interim interruption compensation. Due to Schedule 20's unique characteristics, Staff ultimately believed the Company should reevaluate Schedule 20 when actual customer data is available to determine the method and appropriate compensation.

II. The Company's Proposals

Staff reviewed the Company's proposed methods of compensating Schedule 20 customers for interpretability and believed that providing compensation under the Company's first proposed method was reasonable. The first method is an interim method that could be utilized until Schedule 20 customer data is available to determine compensation for Schedule 20. This would involve using cost assignments for Schedule 9 and Schedule 19 customers to determine the amount of compensation until there is sufficient verifiable data from Schedule 20 customers. Staff believed, this method to be more conservative in its proposed compensation for Schedule 20 customers due to the possibility of Schedule 20 customers having higher load factors than typical Schedule 9 and Schedule 19 customers and compensation for interruption only being paid if and when interruption occurs. However, the second compensation method would provide no compensation until the

Company obtained specific Schedule 20 customer data sufficient to calculate the appropriate compensation under Schedule 20.

Staff thus preferred the first compensation method in the interim because, while its compensation would be set to mitigate potential harms to other customer classes, it would be based on previously approved Commission rates to provide Schedule 20 interruptible customers with some form of interim compensation. Staff also noted that the second method's proposal of reevaluating Schedule 20's interruptible customers' compensation based on actual customer data will happen regardless of whether or not the Schedule 20 customers received interim compensation.

Staff noted that the Company proposed compensation provided under Schedule 20 should be 100% recoverable through the Power Cost Adjustment ("PCA") with no customer sharing. Staff believed this was reasonable, because of the Company's obligation to serve Schedule 20 customers and because it would not be reasonable to negotiate interruptible compensation for individual Schedule 20 customers.

Staff noted the revised tariff accurately reflects the Company's primary interruption compensation proposal and includes the Company's proposed measurement of load reductions from interruption events. However, Staff recommended that the rates and parameters for interruptible service be carefully reviewed in the next general rate case or after Schedule 20 customers are established since actual Schedule 20 customer data is most appropriate for determining these parameters and rates for compensation.

III. Comparing Existing Programs and Schedules in Relation to Interim Compensation

a. Flex Peak Demand Response Comparison

Staff stated that the Company's Schedule 82 Flex Peak Program ("Flex Peak Program") provides the most direct comparison for determining interim compensation rates. Staff noted that this program is already available to Schedules 9 and 19 and not applicable to special contract customers. Staff noted that the Flex Peak Program provides \$3.25 per kW for each week of participation as a fixed cost and an additional \$0.20 per kilowatt-hour as a variable rate when interruption occurs. Staff noted that modeling its Schedule 20 compensation directly from the Flex Peak Program had the limitation of potentially overcompensating the Schedule 20 customer—given that Schedule 20 is mandatory. Staff believed interim compensation amounts derived from the "embedded cost of peak-load serving resource presents less risk of overcompensation while

still allowing some form of compensation until the Schedule can be evaluated with actual customer data in a general rate case.” Staff Comments at 7. Accordingly, Staff supports the Company’s proposed interim compensation rates for Schedule 20 Large General Service and Large Power Service.

b. Existing Schedule Comparisons

Staff reviewed several schedules used in other states and by other utilities that were most analogous to the Company’s proposed Schedule 20 compensation plan. Despite certain similarities in the purposes of these tariff schedules, Staff determined that they were not reasonable for comparison in this case. Staff recommended the Commission approve the Company’s proposed interim rates as filed.

COMPANY REPLY COMMENTS

The Company agreed with Staff that data from actual customers would be most helpful when determining the appropriate level of compensation for interruption under Schedule 20. The Company also noted it intends to update the marginal energy component of Schedule 20 to better align with analogous portions of Schedules 9 and 19 time-of-use periods by substituting AURORA-based marginal energy rates for DSM avoided costs-based marginal rates. The Company asked that the Commission approve interim interruption compensation for Schedule 20 at the Proposed Rates. The Company also asked that the Commission approve 100% recovery of this compensation through the PCA.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. 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.

The Commission has reviewed the record, including the Application, Staff’s comments, and the Company’s reply. Accordingly, the Commission finds that the Company’s Proposed Interim Rates for compensating interruption under Schedule 20 are reasonable. The Commission believes that the rates—based on avoiding some or all of Schedule 20 base rate charges designed to recover the cost of the Company’s peak-serving resources and paid only when interruption occurs—serves as appropriate interim compensation until a rate can be designed using sufficient

data from actual Schedule 20 customers. The Proposed Rates are therefore approved. The Commission also finds it reasonable to allow the Company to recover 100% of the compensation paid under Schedule 20 in its PCA.

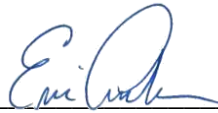
ORDER

IT IS HEREBY ORDERED that the Company's proposed interim interruption compensation rates under Schedule 20 for Large General Service and Large Power Service shall be set at \$0.0734 per kW per hour of interruption and \$0.0835 per kW per hour of interruption respectively.

IT IS FURTHER ORDERED that the Company shall be allowed to recover 100% of the compensation costs for interruption in the PCA.

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 about 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. *Idaho Code* § 61-626.

DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of August 2023.



ERIC ANDERSON, PRESIDENT

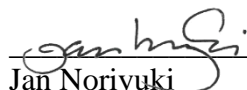


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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