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UTILITIES COMMISSION

March 14, 2023

VIA ELECTRONIC FILING

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd., Bldg 8,
Suite 201-A (83714)
PO Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-23-08
In the Matter of Idaho Power Company's Participation in the Western
Resource Adequacy Program

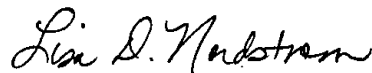
Dear Ms. Noriyuki:

Enclosed for electronic filing, please find Idaho Power Company's Application in the above matter.

In addition, attached is the Direct Testimony of Alison Williams and the Direct Testimony of Nicole Blackwell filed in support of the Application. Word versions are also attached for the Reporter.

If you have any questions about the attached documents, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

LDN:sg
Attachments

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S PARTICIPATION IN THE)	CASE NO. IPC-E-23-08
WESTERN RESOURCE ADEQUACY))	
PROGRAM)	APPLICATION
)	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with *Idaho Code* § 61-524 and -525 and RP 052, submits to the Idaho Public Utilities Commission ("Commission" or "IPUC") this Application respectfully requesting that the Commission issue an order (1) acknowledging the potential for long-term cost savings associated with participation in the Western Resource Adequacy Program ("WRAP") and (2) allowing the Company to recover WRAP-associated costs in a future rate proceeding.

Resource adequacy is the cornerstone of Idaho Power's ability to provide customers with reliable electric service. Considering the vital nature of resource adequacy, the Company's participation in WRAP will not only provide insight into resource adequacy across the Western United States ("US") but will give participants a mechanism

to secure energy and capacity in times of extreme need. Further, the Company estimates that WRAP participation will result in annual net savings, thereby allowing Idaho Power to provide reliable service to customers at lower costs.

Idaho Power files with this Application the accompanying direct testimony of Alison Williams, Regulatory Policy and Strategy Leader, regarding the structure, governance, and status of WRAP, as well as the estimated costs and benefits of the Company's participation in the effort. The direct testimony of Nicole Blackwell, Senior Energy Settlement Analyst, then details how WRAP will operate.

In support of this Application, Idaho Power presents as follows:

I. WRAP OVERVIEW

1. Overseen by the Western Power Pool ("WPP"), WRAP is the first regional reliability planning and compliance program in the western US. At its simplest, WRAP is an insurance program of sorts that makes reserved resources available to participants during short-term periods of resource deficiency.

2. WRAP seeks to provide benefits through enhanced coordination and increased visibility across the regional power system. The program is intended to increase reliability of the regional system while maintaining participants' existing responsibilities for reliable operations and observing existing frameworks for planning, purchasing, and delivering energy. By supplementing these existing frameworks, WRAP will provide insight into the region-wide status of resources and transmission to identify gaps and then provide coordination as the region collectively plans for the future.

3. WRAP is comprised of two parts—a forward-showing program and an operations program—across two program seasons; the summer season runs from June 1st to September 15th and the winter season from November 1st to March 15th.

4. Each program plays an important role in assessing and addressing resource adequacy and reliability for participating systems across the region, as detailed in the Direct Testimony of Nicole Blackwell.

5. The forward-showing program functions as the near-term planning component of WRAP and establishes reliability metrics for the region. More precisely, forward-showing ensures the regional footprint has enough demonstrated capacity to meet WRAP-established reliability metrics seven months in advance of the applicable WRAP operating season.

6. Meanwhile, the operations program facilitates the identification of real-time capacity needs and the sharing of energy and capacity between participants during the summer and winter seasons.

7. As of January 2023, WRAP's participants include 20 utilities, including Idaho Power, from the northwest, parts of the southwest, Canada, and northern California. To date, Idaho Power has participated in WRAP's non-binding, forward-showing program. The Company submitted forward-showings for the Winter 2022/2023 and for Summer 2023 seasons. These first non-binding forward-showings serve as verification that participants are able to meet capacity requirements for the upcoming season. Next, the Company will participate in testing the operations program in Summer 2023 to facilitate the sharing of resources during peak summer conditions.

8. The Company tentatively plans to begin binding participation in the summer of 2027, giving the Company ample time to adjust to WRAP processes and requirements during the no-penalty phase of WRAP operations.

II. COSTS & BENEFITS ASSOCIATED WITH WRAP PARTICIPATION

9. To estimate cost savings, Idaho Power anticipates leveraging WRAP one time per year—an approach consistent with the design of WRAP as a program of last resort. As detailed in the Direct Testimony of Alison Williams, the Company determined that leveraging WRAP to significantly reduce the risk on its highest-risk day each year is the equivalent of avoiding 14 megawatts (“MW”) of perfect generation available across the whole year. This 14 MW translates to 15.58 MW of natural gas capacity, valued at \$2,145,678. Stated another way, the 14 MW that WRAP represents is equivalent to 15.58 MW of natural gas capacity, resulting in an estimated annual avoided resource investment of \$2.1 million.

10. The Company estimates that the annual cost of WRAP participation will be between \$537,420 and \$744,555, along with a one-time charge of \$152,856. The derivation of estimated annual cost savings from WRAP is provided in the Direct Testimony of Alison Williams.

11. If the Company incurred the high end of the program costs, Idaho Power’s annual net savings from WRAP would be \$1.4 million. Further, if the Company were not able to realize savings from WRAP until 2027 (the Company’s anticipated fully binding year), participation would result in cumulative net savings by 2028. That is, the cumulative savings for 2027 and 2028 would exceed the cumulative program costs from 2023-2028 by more than \$500,000.

12. As noted, these cost savings assume the Company will rely on the WRAP operations program's resource sharing only once per year. Geographical diversity is expected to be a major benefit of WRAP, especially if the Company's peak needs occur at times that are diverse compared to the other WRAP participants. Leveraging the program more frequently would potentially result in additional avoided cost savings. Operational experience gained this summer, and as the program approaches the binding phase, will help Idaho Power better understand when and how often the Company may be likely to use WRAP—and the cost savings that would result.

III. MODIFIED PROCEDURE

13. Idaho Power believes that it would be appropriate to process this case by means of modified procedure (i.e., by written submission rather than by hearing) in accordance with the provisions of RP 201-210. However, if the Commission prefers another procedure for processing this case, Idaho Power will present its case in support of the relief requested in this Application.

IV. COMMUNICATIONS

14. Communications and service of pleadings, with reference to this Application should be sent to the following:

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V. REQUEST FOR RELIEF

15. As described above, Idaho Power's participation in WRAP will give the Company insight into regional resource adequacy, along with an ability to procure energy and capacity—thereby preserving reliability—in times of extreme need. The Company conservatively estimates that WRAP participation will yield annual net savings of \$1.4 million, based on the amount of resources that can be avoided using WRAP one time per year.

16. With potential WRAP-related savings far exceeding participation costs, Idaho Power considers WRAP participation both prudent and necessary to ensure the Company can continue to deliver low-cost and reliable electricity to customers into the future. Therefore, Idaho Power respectfully requests that the Commission issue an order (1) acknowledging the potential for long-term benefits related to Idaho Power's participation in WRAP and (2) authorizing the Company to recover WRAP-related costs in an upcoming rate proceeding.

DATED at Boise, Idaho, this 14th day of March 2023.



LISA D. NORDSTROM
Attorney for Idaho Power Company