RECEIVED
2023 October 23, AM 11:53
IDAHO PUBLIC
UTILITIES COMMISSION

NEW Case No. IPC-E-23-27

MEGAN GOICOECHIA-ALLEN
Corporate Counsel
MGoicoechiaAllen@idahopower.com

October 23, 2023

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-23-27
Idaho Power Company's Application for Approval of the Capacity Deficiency Period to be Utilized for Avoided Cost Calculations

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.

Very truly yours,

Megan Goicoechea Allen

Megan Goicoechia-Allen

MGA:cd
Enclosures

MEGAN GOICOECHEA ALLEN (ISB No. 7623)
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
mgoicoecheaallen@idahopower.com
dwalker@idahopower.com

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR APPROVAL OF THE CAPACITY DEFICIENCY PERIOD TO BE UTILIZED FOR AVOIDED COST CALCULATIONS.	)	CASE NO. IPC-E-23-27 APPLICATION

Idaho Power Company ("Idaho Power" or "Company"), in accordance with the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), Idaho Public Utilities Commission ("Commission") Rule of Procedure[1] 52, and Order Nos. 32697, 33159, and 35810, hereby respectfully submits this Application requesting an order for approval of the capacity deficiency period to be utilized for the Company's avoided cost calculations. As more fully set forth herein, Idaho Power asks for Commission approval of the capacity deficiency period identified in Idaho Power's 2023

[1] Hereinafter cited as RP.

Integrated Resource Plan ("IRP"), which indicates a first capacity deficit of July 2026, as shown in Attachment 1. In support of its Application, Idaho Power states as follows:

I. INTRODUCTION

1. In Order No. 32697, the Commission set forth parameters for the surrogate avoided resource ("SAR") and Incremental Cost Integrated Resource Planning ("ICIRP") methodologies for calculating avoided cost rates under PURPA including the timing and sources to be used in updating the input variables and price assumptions for each methodology to maintain an accurate and up-to-date reflection of a utility's avoided cost.

2. In considering a Qualifying Facility ("QFs") ability to contribute to a utility's need for capacity in computing avoided cost rates, the Commission determined that payment for capacity should be included only when the utility becomes capacity deficient, which helps to ensure the rates are a more accurate reflection of true avoided cost for the QF power. Order No. 32697, p. 21.

3. Though the starting point for setting a utility's capacity deficiency date is the IRP planning process, the Commission directed that a case be initiated outside of each utility's IRP filing for the establishment of the capacity deficiency period. Order No. 32697, p. 23.

4. Originally, the separate proceeding established the capacity deficiency period to be utilized only in the SAR methodology, though the Commission subsequently found it just and reasonable to utilize the same first capacity deficit determination for purposes of the ICIRP methodology. Order No. 33159, p. 9.

5. Most recently, in Order No. 35810, the Commission found it reasonable that each utility file its application for a new capacity deficiency date within 30 days of the filing

of that IRP with the Commission. Linking the timing of the capacity deficiency case to the filing of the IRP by the utility rather than its acknowledgement by the Commission, as was done previously, is intended to ensure that the capacity deficiency is based on the most recent information identified in that utility's IRP and enable the utility to incorporate any new information and data that may have changed while preparing its IRP during that utility's development cycle.

II. CAPACITY DEFICIENCY PERIOD

6. Idaho Power's current approved capacity deficiency date, as identified in the 2021 IRP and approved by the Commission in the Company's most recent capacity deficiency case, is July 2023.[2]

7. As described in the Company's latest IRP filed on September 29, 2023[3] ("2023 IRP"), Idaho Power has been working to acquire resources since 2021 to meet the deficiencies identified in the 2021 IRP.[4] These acquisitions have met the deficiencies in 2023, 2024, and 2025.

8. The annual capacity position used in the Company's 2023 IRP incorporates the most up-to-date resource and load inputs. Based on the current IRP analysis and as a result of the Company's recent resource procurement, the Company's first capacity deficiency date is now July 2026.

9. More specifically, the 2023 IRP shows a first annual capacity deficiency of approximately 22 megawatts ("MW") in 2026, as reflected in the excerpt from the IRP provided as Attachment 1, which is primarily driven by a need for peaking capacity in the

[2] *See* Case No. IPC-E-21-09, Order No. 35415.
[3] Idaho Power Company's 2023 Integrated Resource Plan, Case No. IPC-E-23-23 (filed Sept. 29, 2023).
[4] *See, e.g.,* Case Nos. IPC-E-22-13; IPC-E-23-05; and IPC-E-23-20.

month of July. The Company's annual capacity deficit is identified separately from the Preferred Portfolio of the 2023 IRP, i.e., consistent with the resource assumptions prior to AURORA model optimization and selection of resources. The capacity deficiency date identified in the 2023 IRP is based on the most recent, relevant, and accurate information available, and the Company therefore requests that the Commission set a first capacity deficit of July 2026 to be utilized for avoided cost calculations for both the SAR and ICIRP methodologies.

III. MODIFIED PROCEDURE

10. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et seq*. If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

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

Donovan E. Walker
Megan Goicoechea Allen
Regulatory Dockets
1221 West Idaho Street (83702)
P.O. Box 70
Boise, ID 83707
dwalker@idahopower.com
mgoicoecheaallen@idahopower.com
dockets@idahopower.com

Camille Christen
Energy Contracts
1221 West Idaho Street (83702)
P.O. Box 70
Boise, ID 83707
cchristen@idahopower.com
energycontracts@idahopower.com

V. CONCLUSION

12. Idaho Power respectfully requests that the Commission issue an order approving the first capacity deficiency date of July 2026 to be utilized in the Company's avoided cost determinations under the SAR and ICIRP methodologies.

Respectfully submitted this 23rd day of October 2023.

Megan Goicoechea Allen

MEGHAN GOICOECHEA ALLEN
Attorney for Idaho Power Company

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-23-27

IDAHO POWER COMPANY

ATTACHMENT 1

Excerpt from Idaho Power 2023 IRP, pp. 173 - 175.

Resource Procurement

Idaho Power's capacity shortfall identified for 2026 through 2028 will require incremental generating capacity. Idaho Power issued an all-source 2026 RFP in spring 2023. This RFP is for resources to come online by summer 2026 or summer 2027. The all-source 2026 RFP is ongoing. An additional RFP may be necessary to acquire resources for summer of 2028. For more information on Idaho Power RFPs visit idahopower.com/about-us/doing-businesswith-us/request-for-resources/.

Annual Capacity Positions Replace Traditional Load and Resource Balance

To better align with and represent the probabilistic reliability analyses used in the 2023 IRP, the company provides annual capacity positions in place of the deterministic load and resource balance used in previous IRP cycles. The annual capacity position is a better indication of resource reliability.

The annual capacity position used in the 2023 IRP (Table 11.15) incorporates the most up-to-date resource and load inputs. The resulting capacity deficiency (approximately 22 MW in 2026, 44 MW in 2027, and 182 MW in 2028) clearly demonstrates capacity needs.

Table 11.15 Pre and post Preferred Portfolio annual capacity positions

Annual Capacity Position (MW)				
Year	Existing & Contracted Resource Only		Add Preferred Portfolio Resources	
2024	11	Length	11	Length
2025	3	Length	3	Length
2026	(22)	Shortfall	224	Length
2027	(44)	Shortfall	284	Length
2028	(182)	Shortfall	211	Length
2029	(324)	Shortfall	126	Length
2030	(693)	Shortfall	134	Length
2031	(767)	Shortfall	131	Length
2032	(796)	Shortfall	157	Length
2033	(869)	Shortfall	137	Length
2034	(891)	Shortfall	126	Length
2035	(913)	Shortfall	117	Length
2036	(938)	Shortfall	108	Length
2037	(1006)	Shortfall	111	Length
2038	(1317)	Shortfall	45	Length
2039	(1347)	Shortfall	54	Length

Annual Capacity Position (MW)				
Year	Existing & Contracted Resource Only		Add Preferred Portfolio Resources	
2040	(1377)	Shortfall	62	Length
2041	(1415)	Shortfall	56	Length
2042	(1456)	Shortfall	49	Length
2043	(1568)	Shortfall	57	Length

The first month of deficiency was determined to be the first month that exceeded a 0.0083 event-days per year LOLE (or 0.1 divided by 12) on the first year of capacity deficiency (2026). For this IRP, the first month over that threshold was July 2026, as shown in Figure 11.1.

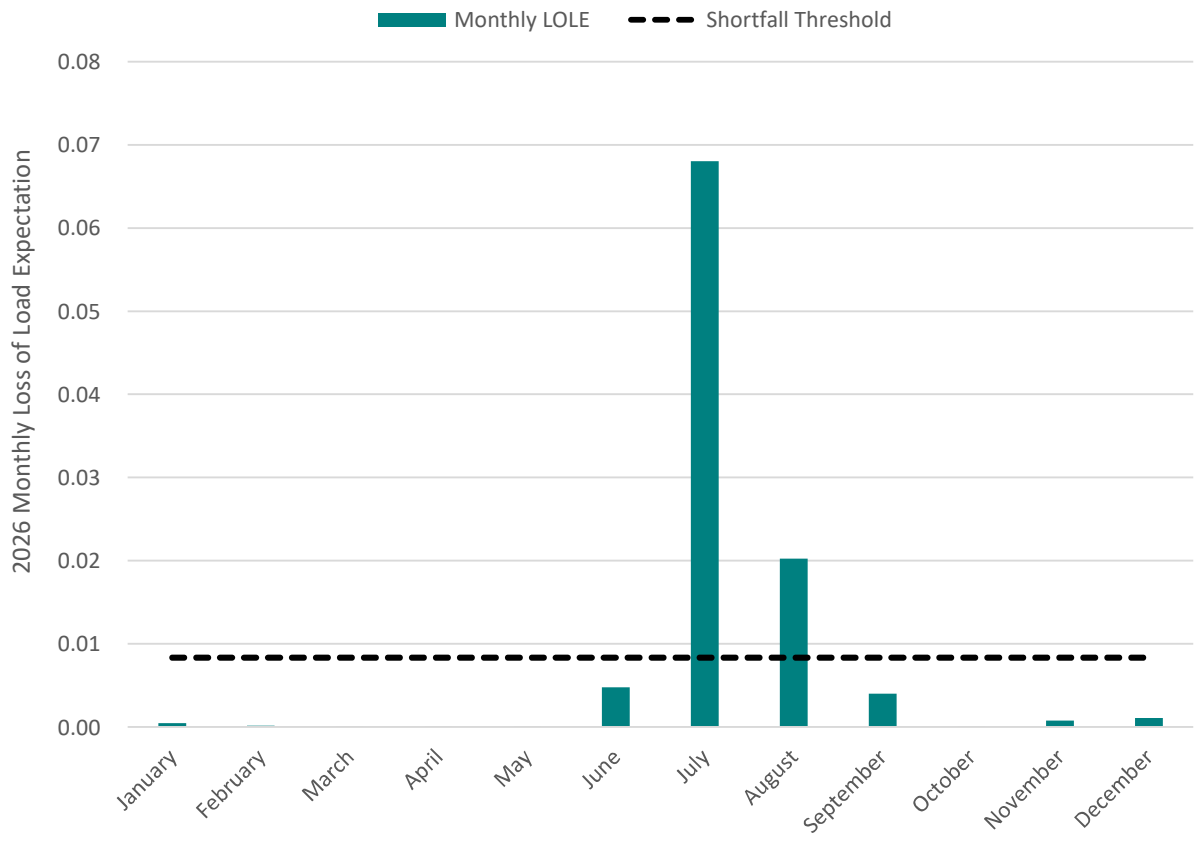

Figure 11.1 First month of capacity shortfall

An in-depth discussion of the reliability LOLE calculation process can be found in the Loss of Load Expectation section of *Appendix C—Technical Report*.