ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

October 6, 2020

ELECTRONIC DELIVERY

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8 Suite 330
Boise, ID 83714

RE: CASE NO. PAC-E-20-13
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF A CAPACITY DEFICIENCY PERIOD TO BE USED FOR AVOIDED COST CALCULATION

Attention: Jan Noriyuki
Commission Secretary

Please find for filing Rocky Mountain Power's Application in the above-referenced matter along with confidential work papers.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle Steward
Vice President, Regulation

Emily Wegener
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone No. (801) 220-4526
emily.wegener@pacificorp.com

Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF A CAPACITY DEFICIENCY PERIOD TO BE USED FOR AVOIDED COST CALCULATIONS	**CASE NO. PAC-E-20-13** **APPLICATION**

Rocky Mountain Power, a division of PacifiCorp ("the Company"), in accordance with Idaho Code §61-502, §61-503, and RP 052, hereby respectfully submits this application ("Application") to the Idaho Public Utilities Commission ("Commission") in accordance with Order Nos. 32697 and 32802 in Case No. GNR-E-11-03, for approval of the capacity deficiency period determination to be used in avoided cost calculations using the Surrogate Avoided Resource ("SAR") methodology. As more fully described below, this update identifies Rocky Mountain Power's capacity deficiency period in the summer of 2029 and explains how the deficiency period was identified. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 84,000 customers in the state and is subject to the jurisdiction of the Commission. Rocky Mountain Power is a public utility in the state of Idaho pursuant to Idaho Code § 61-129.

COMMUNICATIONS AND SERVICE OF PLEADINGS

2. Communications regarding this Application should be addressed to:

Ted Weston
Emily Wegener
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com
emily.wegener@pacificorp.com

Ron Scheirer
825 NE Multnomah, Suite 600
Portland, Oregon 97232
Telephone: (503) 813-6484
Email: ron.scheirer@pacificorp.com

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred)	datarequest@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

BACKGROUND

3. Commission Order No. 32697 directed the utilities to initiate a case outside of their Integrated Resource Plan ("IRP") filing to establish the capacity deficiency period to be used in the utility's SAR methodology:

> "We find it reasonable and fair to subject each utility's determination of capacity deficiency to further scrutiny. Therefore, when a utility submits its Integrated Resource Plan to the Commission, a case shall be initiated to determine the capacity deficiency to be utilized in the SAR Methodology. The capacity deficiency determined through the IRP planning process will be the starting point, and will be presumed to be correct subject to the outcome of the proceeding."[1]

[1] *In the Matter of the Commission's Review of PURPA QF Contract Provisions Including the Surrogate Avoided Resource (SAR) and Integrated Resource Planning (IRP) Methodologies for Calculating Avoided Cost Rates,* Case No. GNR-U-11-03, Order No. 32697, p. 23.

4. In Order No. 32697, the Commission acknowledged that "some determinations made within the IRP process have an impact on calculations under the SAR and IRP methodologies. Specifically, the IRP process determines when the utility will experience a need for new capacity."[2] The Commission ordered that payments to qualifying facilities ("QFs") should recognize the utility's capacity needs, stating:

> "In calculating a QF's ability to contribute to a utility's need for capacity, we find it reasonable for the utilities to only begin payments for capacity at such time that the utility becomes capacity deficient. If a utility is capacity surplus, then capacity is not being avoided by the purchase of QF power. By including a capacity payment only when the utility becomes capacity deficient, the utilities are paying rates that are a more accurate reflection of true avoided cost for the QF power."[3]

REQUEST TO ESTABLISH SAR DEFICIENCY PERIOD

5. On October 18, 2019, Rocky Mountain Power filed its 2019 IRP with the Commission. The 2019 IRP includes the results of the Company's Capacity Loads and Resources without Resource Additions in Table 5.12 on page 115. The capacity balance is calculated for summer peak loads only, with the summer peak occurring annually in July, as the Company is expected to be deficient in the summer prior to becoming deficient in the winter. The capacity balance is developed by determining firm resource capacity available at the annual system peak load hour, including the Company's firm access to imports from the wholesale market (or "Front Office Transactions"), less the system obligation and a 13 percent planning reserve margin.

6. The 2019 IRP shows that the Company's load and resource balance first becomes capacity deficient in 2028 after early coal plant retirements. A summary of the system capacity loads and resources are provided in Table No. 1.

---

[2] Order No. 32697, p.23.
[3] Order No. 32697, p.21.

Table No. 1
2019 IRP - System Capacity Loads and Resources

Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
System												
Total Resources	10,137	10,437	10,671	10,638	10,641	10,347	10,290	9,953	9,899	8,999	8,494	8,270
Obligation	9,865	9,876	9,882	9,918	9,953	9,982	10,005	9,962	9,966	9,985	9,998	10,014
Reserves	1,305	1,307	1,308	1,312	1,317	1,321	1,324	1,318	1,319	1,321	1,323	1,325
Obligation + Reserves	11,170	11,183	11,190	11,231	11,270	11,303	11,328	11,281	11,284	11,306	11,321	11,339
System Position	(1,033)	(746)	(519)	(592)	(630)	(956)	(1,038)	(1,328)	(1,385)	(2,307)	(2,827)	(3,070)
Available FOTs	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Net Surplus (Deficit)	0	0	0	0	0	0	0	0	0	(839)	(1,359)	(1,602)
Sufficiency / (Deficiency)	435	722	948	876	838	512	429	140	83	(839)	(1,359)	(1,602)

7. After accounting for power purchase agreements ("PPAs") with QFs signed since the preparation of the 2019 IRP and termination of QF PPAs originally included in the 2019 IRP, the first capacity deficiency still first occurs in the summer of 2028, as shown in Table No. 2.

Table No. 2
System Capacity Loads and Resources Updated for QF PPA

Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
System												
Sufficiency / (Deficiency)	435	722	948	876	838	512	429	140	83	(839)	(1,359)	(1,602)
Signed PPAs not in IRP	0	0	0	6	25	25	25	25	25	25	25	25
Terminated PPAs in IRP	0	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
Updated Resources	0	(14)	(14)	(9)	11	11	11	11	11	11	11	11
Updated Sufficiency / (Deficiency)	435	708	934	867	849	523	440	151	94	(829)	(1,349)	(1,591)

8. Table No. 2 shows the first capacity deficiency of 829 megawatts occurring in the summer of 2028. The updated system capacity loads and resources in Table No. 2 include the capacity contribution from four additional contracts (3 located in Utah, and 1 in Oregon), with a total nameplate capacity of 290 megawatts. Four QF PPAs located in Oregon were terminated, with a nameplate capacity of 38 megawatts. In 2028 these updates contribute a net of 11 megawatts to system capacity.

9. Commission Staff filed comments on the Company's 2019 IRP stating:

> "The load and existing resource balance identifies resource deficiencies in the Company's system acting as a starting point for developing and evaluating future resource portfolios. A decision to close a plant early must be evaluated against other alternatives that maintain

system reliability and should be made as part of the portfolio development and evaluation phase of the IRP. Regardless of whether the closure decision is driven by economics or by environmental compliance, one should choose the least cost alternative that maintains system reliability, which likely requires additional replacement resource(s). The early retirement and the replacement resources should be considered as a combined resource decision and should only be included together so an accurate deficit date can be determined."[4]

10. In reply comments the Company indicated that this issue would better be addressed in the Company's capacity sufficiency filing. Based on Staff's recommendation in the 2019 IRP Table No. 3 removes the early retirement of thermal resources that were included in the Load and Resource balances in Table No. 1.

Table No. 3
System Capacity Loads and Resources
Updated for QF PPA and Excluding Early Thermal Retirements

Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
System											
Updated SAR Resource Sufficiency / (Deficiency)	**435**	**708**	**934**	**867**	**849**	**523**	**440**	**151**	**94**	**(829)**	**(1,349)**
Uncommitted Early Thermal Retirements											
Craig 1 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	82	0	0	0
Craig 2 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	0	82	0	0
Colstrip 3 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	0	0	74	0
Colstrip 4 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	0	0	74	0
Naughton 1 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	156	0	0	0
Naughton 2 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	201	0	0	0
JimBridger 1 (Coal Early Retirement/Conversions)	0	0	0	0	0	351	0	0	0	0	0
JimBridger 2 (Coal Early Retirement/Conversions)	0	0	0	0	0	0	0	0	0	0	356
Adjustment for Derates											(98)
Total (Cumulative)	0	0	0	0	0	351	351	790	871	1,019	1,277
Sufficiency/Deficiency w/o Early Retirements	**435**	**708**	**934**	**867**	**849**	**873**	**790**	**941**	**965**	**191**	**(72)**

11. Based on the Company's 2019 IRP, Table No. 3 summarizes the system resources updated for changes to QF PPAs since the IRP, excluding the early retirement of thermal resources compared to system loads with a thirteen percent planning reserve margin. With these updates the 2019 IRP indicates that the Company will be capacity deficient during the summer of 2029.

[4] *In the Matter of Rocky Mountain Power's 2019 Electric Integrated Resource Plan*, Case No. PAC-E-19-16, Order No. 34780.

Accordingly, the Company requests the Commission find the summer of 2029 as the first capacity deficiency period when capacity payments should be made to a QF under the SAR calculation.

12. Rocky Mountain Power submits this Application to establish the capacity deficiency period as set forth in Commission Orders No. 32697 and No. 32802, and requests that the Commission approve the capacity deficiency period to be used in its SAR calculations.

MODIFIED PROCEDURE

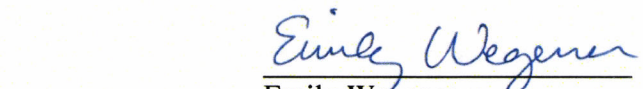
13. Rocky Mountain Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 et seq. If, however, the Commission determines that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

CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order authorizing this Application be processed under Modified Procedure and approving the capacity deficiency period beginning July 2029, to be used in the Company's avoided cost determinations under the SAR methodology, as shown in Table No. 3 above.

DATED this 6th day of October, 2020.

ROCKY MOUNTAIN POWER



Emily Wegener
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone No. (801) 220-4526
emily.wegener@pacificorp.com