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UTILITIES COMMISSION

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

October 4, 2022

***ELECTRONIC DELIVERY***

Jan Noriyuki  
Commission Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Blvd  
Building 8 Suite 201A  
Boise, ID 83714

**RE: CASE NO. PAC-E-22-14  
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR  
APPROVAL OF A CAPACITY DEFICIENCY PERIOD TO BE USED FOR AVOIDED  
COST CALCULATIONS**

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,

A handwritten signature in black ink that reads "Joelle Steward". The signature is fluid and cursive.

Joelle Steward  
SVP of Regulation, Customer, and Community Solutions

Joe Dallas (ISB# 10330)  
825 NE Multnomah, Suite 2000  
Portland, OR 97232  
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*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-22-14  
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 2023 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 86,500 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

1407 West North Temple, Suite 330  
Salt Lake City, Utah 84116  
Telephone: (801) 220-2963  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

Ron Scheirer  
825 NE Multnomah, Suite 600  
Portland, Oregon 97232  
Telephone: (503) 813-6484  
Email: [ron.scheirer@pacificorp.com](mailto: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](mailto: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.”<sup>1</sup>

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<sup>1</sup> *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.”<sup>2</sup> 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.”<sup>3</sup>

5. In Order No. 35415, the Commission stated that “all future L&R Balances included in the capacity deficiency date update for avoided costs must contain the most up-to-date information available at the time of filing.”<sup>4</sup>

6. In Order No. 34918, the Commission indicated that early retirement of coal-fired thermal resources should not be reflected in the load and resource balance, “Unless and until this Commission evaluates and approves an early retirement date...”<sup>5</sup>

### **REQUEST TO ESTABLISH SAR DEFICIENCY PERIOD**

7. On September 1, 2021, Rocky Mountain Power filed its 2021 IRP with the Commission. The 2021 IRP includes the results of the Company's Capacity Loads and Resources without Resource Additions in Table 6.11 on page 154. The capacity balance is calculated for summer peak loads, with the summer peak occurring annually in July, as the Company is expected

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<sup>2</sup> Order No. 32697, p.23.

<sup>3</sup> Order No. 32697, p.21.

<sup>4</sup> *In the matter of Idaho Power Company's Application for Approval of the Capacity Deficiency to be Utilized for Avoided Cost Calculations*, Case No. IPC-E-21-09, Order No. 35415, p.10.

<sup>5</sup> *In the Matter of Rocky Mountain Power's Application for Approval of a Capacity Deficiency Period to be Used for Avoided Cost Calculations*, Case No. PAC-E-20-13, Order No. 34918, p.5-6.



to be deficient in the summer prior to becoming deficient in the winter. The capacity balance is developed by determining firm resource capacity available, including the Company’s firm access to imports from the wholesale market Front Office Transactions (“FOTs”), less the system obligation and a 13 percent planning reserve margin.

8. In light of the risks associated with the evolving resource mix across the west, the 2021 IRP included a reduced FOTs limit of 500 megawatts in the summer, relative to the 2019 IRP limit of 1,425 megawatts, as shown in Table 5.8 on page 114.

9. At the updated Front Office Transaction limit, the 2021 IRP shows that the Company’s load and existing resource balance is capacity deficient throughout the planning horizon; however, several inputs have changed between the preparation of the 2021 IRP and the present.

10. On April 4, 2022, Rocky Mountain Power filed its 2021 IRP Update with the Commission. The 2021 IRP Update includes the results of the Company's Capacity Loads and Resources without Resource Additions in Table 4.2 on page 47 and is provided as Table No. 1. The 2021 IRP Update included a higher load forecast as well as updates to contracted resources, and also shows that the Company’s load and existing resource balance is capacity deficient throughout the planning horizon.

**Table No. 1**  
**2021 IRP Update - Summer Peak Loads and Resources without Additions**

System	Calendar Year	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Total Resources</b>		9,472	8,850	9,287	8,623	8,516	7,831	7,753	7,482	7,210
<b>Obligation</b>		9,803	9,880	9,871	9,764	9,663	9,641	9,799	9,799	9,821
<b>Planning Reserves (13%)</b>		1,274	1,284	1,283	1,269	1,256	1,253	1,274	1,274	1,277
<b>Obligation + Reserves</b>		11,077	11,165	11,155	11,034	10,919	10,894	11,073	11,073	11,098
<b>System Position</b>		(1,605)	(2,315)	(1,867)	(2,411)	(2,403)	(3,063)	(3,320)	(3,591)	(3,888)
<b>Available FOTs</b>		515	515	515	515	515	515	515	515	515
<b>Net Surplus/(Deficit)</b>		(1,090)	(1,800)	(1,352)	(1,896)	(1,888)	(2,548)	(2,805)	(3,076)	(3,373)

11. Certain adjustments are appropriate to account for committed and uncommitted resource impacts, relative to the representation in the 2021 IRP Update, specifically:

- a. Removing uncommitted early coal retirements, consistent with Order 34918.
- b. Adding contracts signed since the 2021 IRP Update was prepared, as well as resources identified on the final shortlist of the Company's 2020 All-Source Request For Proposals, whose contracts are currently being finalized.
- c. Adding demand response programs selected as part of the 2021 Demand Response Request For Proposals, including projected growth in those programs over time.
- d. Adding FOTs that have already been contracted.

12. After accounting for the adjustments described above, the first capacity deficiency of 296 megawatts occurs in the summer of 2023, as shown in Table No. 2. After a larger deficiency in 2024, a period of sufficiency occurs from 2025 through 2027.

**Table No. 2**  
**Updated Summer Peak Loads and Resources**

Calendar Year	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>System</b>									
<b>Sufficiency/Deficiency Position</b>	(1,090)	(1,800)	(1,352)	(1,896)	(1,888)	(2,548)	(2,805)	(3,076)	(3,373)
+Uncommitted Coal Retirements	0	0	0	550	550	582	699	699	699
+Signed Contracts & 2020 All-Source RFP	7	55	889	758	760	883	832	782	576
+2021 Demand Response RFP	221	268	312	331	348	371	307	294	283
<b>Updated Position Before FOTs</b>	(863)	(1,476)	(151)	(256)	(229)	(712)	(966)	(1,301)	(1,815)
+Committed FOTs	567	0	0	0	0	0	0	0	0
+Remaining FOTs (up to 2021 IRP Limit)	0	515	515	515	515	515	515	515	515
<b>Sufficiency/(Deficiency)</b>	(296)	(961)	364	259	286	(197)	(451)	(786)	(1,300)

13. Based on these updates, the Company requests that the Commission find the summer of 2023 as the first capacity deficiency period when capacity payments should be made to a QF under the SAR calculation.

14. 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**

15. 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 2023, to be used in the Company's avoided cost determinations under the SAR methodology, as shown in Table No. 2 above.

DATED this 4<sup>th</sup> day of October 2022.

ROCKY MOUNTAIN POWER



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