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January 20, 2023

VIA ELECTRONIC DELIVERY

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
1131 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

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

Dear Ms. Noriyuki:

Please find for filing Rocky Mountain Power's Reply Comments in the above-referenced matter.

Informal inquiries may be directed to Mark Alder, Idaho Regulatory Manager at (801) 220-2313.

Very truly yours,

Joelle R. Steward
Senior Vice-President of Regulation and Customer Solutions

Enclosures

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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

ROCKY MOUNTAIN POWER'S REPLY COMMENTS

In accordance with the Idaho Public Utilities Commission (“Commission”) Notice of Modified Procedure, PacifiCorp d/b/a Rocky Mountain Power (the “Company”), by and through its counsel, provides these Reply Comments to the comments received from the Staff of the Commission (“Staff”) on January 6, 2022.

INTRODUCTION

The Company filed its application in this matter with the Commission on October 4, 2022 (“Application”), requesting 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 of the application. On January 6, 2022, Staff filed comments recommending the Commission require a compliance report to update the proposed load and resource (“L&R”) and first capacity deficit date. The Company does not believe there is a need for additional compliance reporting because the Company has already provided many of the requested compliance items during the discovery process in this case and the requested modifications would

not change the Company's need for capacity beginning this summer. Production Request ("PR") responses provided by the Company to Staff that address applicable Staff compliance items are attached to these comments as Exhibit No. 1.

REPLY TO STAFF'S COMMENTS

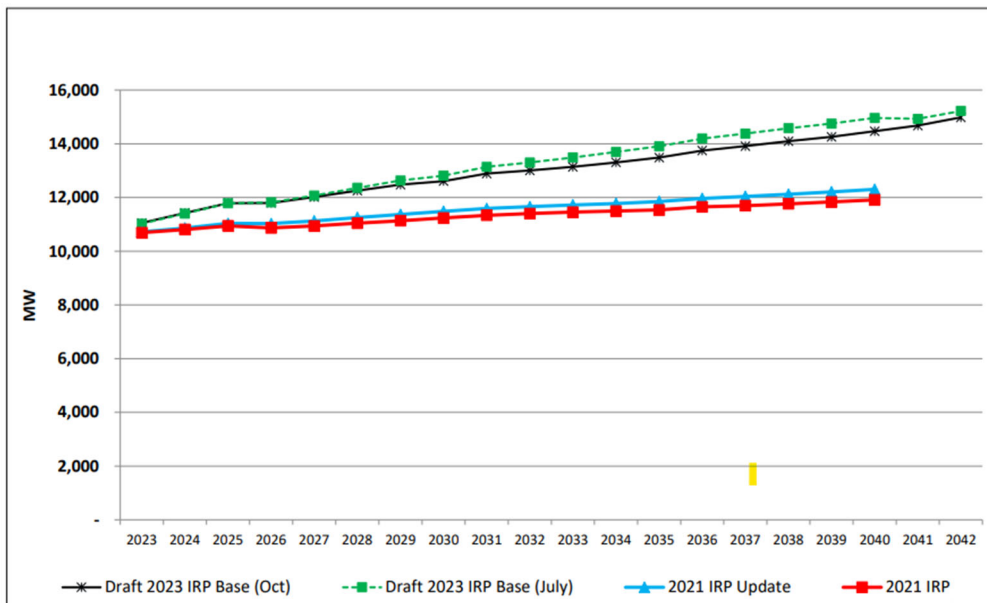
Staff has requested a compliance filing to include updates to contract renewal assumptions, capacity contribution methodologies, and planning horizon timelines. In the comments that follow, the Company will address each of the suggested compliance filing requirements. It is the Company's position that many of the items that Staff is requesting have already been provided in PR responses provided by the Company during this proceeding. The remainder of the requested changes to the Company's application involve insignificant adjustments, especially in the light of the latest load forecasts, that will not change the Company's capacity deficiency period beginning in the summer of 2023.

To highlight a couple of requested items that have already been provided to Staff in this case, item 3 of 11 of Staff's proposed compliance filing requested both the summer and winter peak L&R. However, both the summer and winter peak L&R have already been provided by the Company in response to IPUC PR 1. Item 8 of 11 from the proposed compliance filing, on the modeling of growth for Demand Response (DR) programs, has been addressed by the Company in the 1st Supplemental Response, item (c) to IPUC PR 9, which explains how the expected growth of current DR programs is already modeled into our SAR methodology. The additional reporting items 3 and 8 have already been provided to IPUC Staff through PRs and are attached here as Exhibit No. 1.

For the items not previously resolved through production requests, such as contract renewals and capacity contribution methods, the recommended compliance items would not

change the Company’s requested July 2023 capacity deficiency period because the Company’s latest load forecasts have shown stronger demand, and therefore even greater capacity deficiency, than when the Company submitted its application on October 5, 2022. To illustrate, figure 1 below shows the updated system peak load forecast, presented during the Company’s 2023 IRP public-input meeting on October 13, 2022, with an increased projected load throughout the 20-year IRP planning horizon.

**Figure 1 – System Peak Load Forecast from 2023 IRP Public Input Meeting
October 13, 2022**



As shown in the black line in figure 1, the most recent projected load forecast is higher than both the 2021 IRP Update and the 2021 IRP. The Company is focused on adjusting to new realities since the 2021 IRP Update including compliance with the Environmental Protection Agency’s Ozone Transport Rule, expanded tax incentives for non-emitting resources in the Inflation Reduction Act, and energy price uncertainties due in part to the armed conflict in Ukraine. These factors will be included in the Company’s 2023 IRP, which the Company will file this year. Requiring the Company to go back and make changes to its initial application based on differences

between the 2021 IRP and the 2021 IRP Update, or for contracts that may not renew, loses focus on the obvious capacity deficiency facing the Company summer caused by this new market and demand factors. The Company requests a July 2023 capacity deficiency date be established so that new power purchase agreements can be arranged to help meet increased expected demand in the near term.

PROPOSED COMPLIANCE ITEMS

Each one of the proposed items from Staff's proposed compliance filing is addressed below:

Staff Compliance Item 1: The capacity deficiency period should be used to determine when capacity payments begin for both IRP-based and SAR-based contracts.

The current application was filed in compliance with Order No. 32697, in which the Commission required utilities to initiate proceedings to determine the capacity deficiency to be utilized in the SAR Methodology.¹ The Company agrees that the capacity deficiency period determined in this proceeding will be used for both IRP-based and SAR-based contracts.

In a separate proceeding for the IRP Methodology, the utility updates the load and resource balance forecasts annually, in conjunction with the annual update to the natural gas and fuel price

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-E-11-03, Order No. 32697 at 21 ("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.").

forecasts.² On October 20, 2022, the Company submitted an application to update the load forecast, natural gas forecast, and long-term contract components of the IRP avoided cost model in docket PAC-E-22-16.

Since IRP-based and SAR-based contracts will be based on a capacity deficiency period that will be established in this proceeding, requiring a compliance filing, in addition to regulatory requirements already outlined here, is not necessary.

Staff Compliance Item 2: Provide the L&R using the 20-year IRP planning horizon, instead of the 9-year timeframe submitted with the Company's filing.

While the Company's IRP uses a 20-year planning horizon, the 9-year timeframe submitted with the Company's filing clearly establishes a deficiency period beginning July 2023. Any analysis and adjustments beyond 9 years will have no influence on the deficiency period proposed.

Staff Compliance Item 3: Provide the L&R reflecting both summer and winter peak.

The L&R reflecting both summer and peak load resources has been provided in response to IPUC PR 1 and included here as Exhibit No. 1.

Staff Compliance Item 4: Use the 2021 IRP Method, instead of the 2021 IRP Update Method, to determine capacity contributions of all resources.

Both the 2021 IRP Method and 2021 IRP Update Method use the same capacity contribution from the Company's coal and gas fleet, which comprises most of its capacity, and the Company will be facing deficiencies in 2023 under both the 2021 IRP Method and the 2021 IRP Update Method. In addition, the 2021 IRP Update Method is more consistent with the Western

² *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-E-11-03, Order No. 32697. In this Order, the Commission directed that "when a utility submits its [IRP] to the Commission, a case shall be initiated to determine the capacity deficiency to be utilized in the SAR Methodology." The Commission also stated "utilities must update fuel price forecasts and load forecasts annually — between IRP filings. . . . We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years)."

Resource Adequacy Program (“WRAP”) that is administered by the Western Power Pool (“WPP”). Full implementation of the WRAP, which is expected to occur in 2024, will help program participants, including the Company, meet demand during extreme events.

Staff Compliance Item 5: Assume renewal of PURPA projects located in the State of Idaho, unless the Company has information from specific qualifying facilities (“QFs”) to the contrary.

In Order No. 34918, the Commission directed the Company to include a load and resource balance that includes “the assumption that all current PURPA contracts will be renewed unless the Company has information about specific contracts to the contrary.”³ In response to IPUC PR 4, the Company provided details on the nine PURPA contracts that could potentially renew. The Company did not assume renewals for these contracts since parties have not yet agreed to contract renewals. However, even if the Company did assume renewal of the nine contracts provided in response to IPUC PR 4, it would not change the Company’s projected deficiency period. Furthermore, as shown in figure 1 above, the Company is expecting even larger loads than when the current application was submitted. The nameplate capacity of the 9 contracts is less than 20 megawatts and this relatively low amount of resource, in relation to the expected load increase, would not impact the deficiency period timing.

Staff Compliance Item 6: Update the L&R to include all contracts executed by the date of the Commission order that are eligible for rate recovery.

The Company believes it is not appropriate to update some variables of the L&R and not others at this time. As shown in figure 1 above, the load forecast has increased since the time of

³ *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, at 6.

the filing. The Company will be providing an updated L&R with updated resources and load forecasts when it releases its 2023 IRP filing this year.

Staff Compliance Item 7: Include the additional 3% contingency reserves above the Front Office Transaction ("FOT") limit only if it increases the amount of available FOTs that the Company can rely on to meet its load obligations.

The Company disagrees with this compliance item as FOT should be treated similar to other resources that the Company uses to meet its load obligations. For instance, if the Company supplies 500 megawatts of generation from its own units or from purchases from third-party on-system generators, it is also required to hold an additional 3% of that generation in the form of contingency reserves, so it would need to have 515 megawatts of resources available. When the Company purchases 500 megawatts of FOT, the counterparty (or ultimate source of the generation) is required to hold an additional 3% of that generation in the form of contingency reserves, and the Company no longer has that obligation. As a result, a 500 megawatt FOT purchase is equivalent to 515 megawatts of generation. In other words, the effective capacity contribution of FOT is 103% due to the additional contingency reserves held for those transactions. The Company has provided its FOT capacity calculations in attachment 1 to the response to IPUC PR 1 and attached here in Exhibit No. 1.

Staff Compliance Item 8: Include projected growth in existing Demand Response ("DR") programs.

As explained in the 1st Supplemental Response to item (c) in IPUC DR 9, the projected growth of existing DR programs is already included in our L&R as "New Demand Response."

Staff Compliance Item 9: Among the selected DR programs from the 2021 Request for Proposals ("RFP"), only include approved programs in the L&R;

The Company should not be required to remove the DR programs, that have yet to be approved by state commissions, from the 2021 DR RFP within the L&R, because the Company has selected these resources, consistent with the RFP process, and is depending on those resources to meet its load obligations. Even if the Company removed these DR programs the resulting reduction in resources would not shift the Company's deficiency period any earlier.

Staff Compliance Item 10; Include existing DR programs and approved new DR programs consistently in the L&R such that they are both treated either as a decrement to load or as a resource.

Within the Company's filing, both existing and new DR programs are treated consistently as a decrement to load, in the same manner as the original 2021 IRP and 2021 IRP Update filings. Because the planning reserve margin is already reflected in the system sufficiency/deficiency position, the adjustment to include the capacity associated with the 2021 Demand Response RFP was multiplied by 113%. This is consistent with the treatment of existing demand response, where the planning reserve margin is only applied to the remaining need after its capacity contribution is removed. The details on energy-limited resources, including batteries and demand response, have been included in Exhibit No. 1, specifically in confidential attachment IPUC 9-2 1st supplemental response, file "57252 LandR CONF v4", tab "Energy-Limited."

Staff Compliance Item 11: Verify the value of the existing Energy Efficiency ("EE") in the load forecast, ensuring 68 megawatts ("MW") is used

As explained in the 1st supplemental response to IPUC PR 13 included in Exhibit No. 1, the misstated reference has no bearing on the load and resource balance calculation because

existing EE was correctly embedded in the load forecast, therefore, this value is not singled out in the SAR Method calculation.⁴


CONFIDENTIAL INFORMATION

This filing, specifically the confidential attachments included with IPUC PR 1, IPUC PR 4, and 1st Supplemental Response to IPUC PR 9 provided with these Reply Comments as Exhibit No. 1 includes confidential information exempt from public review under Idaho Code §§ 74-104–109 and Idaho Public Utilities Commission’s Rule of Procedure 67. The information includes trade secret and other Company, or third-party, confidential information and is protected from public inspection, examination or copying.

CONCLUSION

The Company recommends that the Commission issue an order 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 of the Company’s application without additional compliance reporting requirements.

Respectfully submitted this 20th day of January 2023.



Joe Dallas

Attorney for Rocky Mountain Power

⁴ For details on the load and resource calculation, please refer to the Company’s 1st Supplemental response to IPUC Production Request 9, specifically Confidential Attachment IPUC 9-2 1st Supplemental, which provides work papers demonstrating the calculations of the capacity contribution values for the 2021 IRP Update. Resource-specific capacity contribution values are provided in Confidential Attachment IPUC 9-1 1st Supplemental. Resource-specific values for the 2021 IRP are provided in Confidential Attachment IPUC 9-3 1st Supplemental.

Exhibit 1

Exhibit No. 1 Table of Contents

IPUC Production Request No.	Reference/File Name	Location
IPUC Production Request No. 1	IPUC PR 1	Exhibit No. 1 PDF
IPUC Production Request No. 1	Confidential Attachment IPUC 1	Conf Attach – via BOX
IPUC Production Request No. 4	IPUC PR 4	Exhibit No. 1 PDF
IPUC Production Request No. 4	Confidential Attachment IPUC 4	Conf Attach – via BOX
IPUC Production Request No. 9	1 st Supplemental Response to IPUC PR 9	Exhibit No. 1 PDF
IPUC Production Request No. 9	Confidential Attachment IPUC 9-1 1 st Supplemental	Conf Attach – via BOX
IPUC Production Request No. 9	Confidential Attachment IPUC 9-2 1 st Supplemental	Conf Attach – via BOX (zip file)
IPUC Production Request No. 9	Confidential Attachment IPUC 9-3 1 st Supplemental	Conf Attach – via BOX
IPUC Production Request No. 13	1 st Supplemental Response to IPUC PR 13	Exhibit No. 1 PDF

IPUC Data Request 1

The Application states "[t]he 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". However, Table 4.2 on page 47 of the 2021 IRP Update (Update) does not match Table No. 1 in the Application. Please respond to the following:

- (a) Please provide the complete load and resource balance (L&R) Excel file that generates the result in Table No. 1.
- (b) Please explain why Table 4.2 on page 47 of the Update does not match Table No. 1 in the Application and justify all the updates to Table No. 1.

Response to IPUC Data Request 1

- (a) Please refer to Confidential Attachment IPUC 1.
- (b) The first five lines in Table No. 1 in the Application have the same numbers as Table 4.2 on page 47 of the 2021 Integrated Resource Plan (IRP) Update, excepting that the Table No. 1 from the Application does not include 2022. The available front office transactions (FOT) shown in the Application have been grossed up by 3 percent to account for 3 percent contingency reserves held by the counterparty to the transaction, which would be necessary for it to be considered "firm". This was not accounted for in the 2021 IRP Update. The 2021 IRP Update also assumed that a higher level of reliance on FOTs would not necessarily represent a deficit in the first few years of the study period, hence no deficit was shown until 2025. For the Application, the Company showed the capacity deficit in all years.

Confidential information is provided subject to protection under IDAPA 31.01.01.067 and 31.01.01.233, the Idaho Public Utilities Commission's Rules of Procedure No. 67 – Information Exempt from Public Review, and further subject to the Non-Disclosure Agreement (NDA) executed in this proceeding.

Recordholder: Dan MacNeil

Sponsor: Dan MacNeil

IPUC Production Request No. 1

Confidential Attachment IPUC 1

**THIS ATTACHMENT HAS BEEN
PROVIDED VIA BOX**

IPUC Data Request 4

Please explain whether the L&R Excel file that generates the result in Table No. 2 assumes "all current PURPA contracts will be renewed unless the Company has information about specific contracts to the contrary, "as required by Order No. 34918.

Response to IPUC Data Request 4

Because of the immediate timing of the proposed deficiency period, the Company's filing reflects the actual status of current Public Utility Regulatory Policies Act of 1978 (PURPA) power purchase agreements (PPA), i.e. whether it is currently effective in 2023, rather than a projection of renewals through a future deficiency date.

For a list of contracts that have been entered or renewed since the Company's filing, please refer to the Company's response to IPUC Data Request 1 and Confidential Attachment IPUC 1, tab "Adjustments".

For a list of additional PURPA PPAs that could potentially renew and provide capacity during the summer of 2023, please refer to Confidential Attachment IPUC 4. Note: this list does not include resources that have typically entered non-firm (NF) contracts and thus do not commit to providing capacity. The Company would also note that the aggregate nameplate capacity of these resources is less than 20 megawatts (MW), and that the capacity contribution would be proportionately less, such that it would not impact the proposed deficiency period timing.

Confidential information is provided subject to protection under IDAPA 31.01.01.067 and 31.01.01.233, the Idaho Public Utilities Commission's Rules of Procedure No. 67 – Information Exempt from Public Review, and further subject to the Non-Disclosure Agreement (NDA) executed in this proceeding.

Recordholder: Dan MacNeil

Sponsor: Dan MacNeil

IPUC Production Request No. 4

Confidential Attachment IPUC 4

**THIS ATTACHMENT HAS BEEN
PROVIDED VIA BOX**

IPUC Data Request 9

Please respond to the following regarding the existing demand response programs:

- (a) Please confirm that the capacity values of the existing demand response programs are based on a 124-megawatt ("MW") residential/small commercial air conditioner load control program, a 205-MW irrigation load management program, and 191-MW interruptible contracts, as described on page 147 of the 2021 IRP.
- (b) Please explain why Page 45 of the Update states the Company has had interruptible contracts for approximately 177 MW of load interruption capability for many years. Please reconcile the 191 MW and the 177 MW.
- (c) Please confirm that the capacity values of the existing demand response programs include projected growth in those programs over time. If so, please explain how projected growth is determined for each program. If not, please explain how the capacity values of the existing demand response programs are determined over the planning horizon.
- (d) Please explain what causes the difference between the existing demand response capacity in the 2021 IRP and the existing demand response capacity in the Update.

1st Supplemental Response to IPUC Data Request 9

Further to the Company's response to IPUC Data Request 9 dated November 15, 2022, the Company provides the following additional information:

Please refer to Confidential Attachment IPUC 9-1 1st Supplemental which provides resource-specific capacity contribution values from PacifiCorp's 2021 Integrated Resource Plan (IRP) Update. For details on energy-limited resources, including batteries and demand response (DR), please refer to Confidential Attachment IPUC 9-2 1st Supplemental, specifically file "57252 LandR CONF v4", tab "Energy-Limited. Additional supporting work papers for the capacity contribution values in the 2021 IRP Update are also provided in Confidential Attachment IPUC 9-2 1st Supplemental. Please refer to Confidential Attachment IPUC 9-3 1st Supplemental which provides the resource-specific capacity contribution values from the 2021 IRP.

- (a) For details on the modeled megawatt (MW) values for the requested programs, please refer to Confidential Attachment IPUC 9-2 1st Supplemental, specifically file "57252 LandR CONF v4", tab "Energy-Limited". Note: the modeled MW values correspond to the expected availability of the program,

which may be lower than the non-coincident peak (NCP) capacity of all program participants. The duration of the program also impacts the summer and winter capacity contribution of a program. Over time, as more duration-limited battery resource are added to the Company's portfolio, the capacity contribution for a given duration declines.

- (b) Please refer to the Company's response to subpart (a) above for details on the modeled program capacity values and reported capacity contribution values by program from the 2021 IRP Update.
- (c) The modeled values include only existing participation. Growth in the programs is modeled as "New Demand Response", even if it is incremental to an existing program.
- (d) Please refer to the Company's response to subpart (a) above for details on the modeled program capacity values and reported capacity contribution values by program from the 2021 IRP Update.

Confidential information is provided subject to protection under IDAPA 31.01.01.067 and 31.01.01.233, the Idaho Public Utilities Commission's Rules of Procedure No. 67 – Information Exempt from Public Review, and further subject to the Protective Agreement executed in this proceeding.

Recordholder: Dan MacNeil

Sponsor: Dan MacNeil

IPUC Production Request No. 9

Confidential Attachment IPUC 9-1 1st
Supplemental

**THIS ATTACHMENT HAS BEEN
PROVIDED VIA BOX**

IPUC Production Request No. 9

Confidential Attachment IPUC 9-2 1st
Supplemental

**THIS ATTACHMENT HAS BEEN
PROVIDED VIA BOX**

IPUC Production Request No. 9

Confidential Attachment IPUC 9-3 1st
Supplemental

**THIS ATTACHMENT HAS BEEN
PROVIDED VIA BOX**

IPUC Data Request 13

Page 151 of the 2021 IRP states that the existing energy efficiency is 73 MW. Response to Staff's Production Request No. 22 (e) in Case No. PAC-E-21-19 states that 73 MW is incorrect and should have been 68 MW. However, page 44 of the Update states that 73 MW is used in the Update. Please explain whether it should have been 68 MW in the Update.

1st Supplemental Response to IPUC Data Request 13

Further to the Company's response to IPUC Data Request 13 dated November 15, 2022, the Company provides the following additional information:

Yes, the reference on page 44 of PacifiCorp's 2021 Integrated Resource Plan (IRP) Update should have been 68 megawatts (MW). As indicated in the text of the 2021 IRP Update, the existing energy efficiency (EE) is embedded in the load forecast, therefore, this value is not singled out in the load and resource calculation. For details on the load and resource calculation, please refer to the Company's 1st Supplemental response to IPUC Data Request 9, specifically Confidential Attachment IPUC 9-2 1st Supplemental, which provides work papers demonstrating the calculations of the capacity contribution values for the 2021 IRP Update. Resource-specific capacity contribution values are provided in Confidential Attachment IPUC 9-1 1st Supplemental. Resource-specific values for the 2021 IRP are provided in Confidential Attachment IPUC 9-3 1st Supplemental.

Recordholder: Dan MacNeil

Sponsor: Dan MacNeil