Office of the Secretary
Service Date
December 21, 2022

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN POWER'S APPLICATION TO UPDATE LOAD AND GAS FORECASTS USED IN THE INTEGRATED RESOURCE PLAN AVOIDED COST MODEL	))))))	**CASE NO. PAC-E-22-16** **ORDER NO. 35638**

On October 20, 2022, Rocky Mountain Power, a division of PacifiCorp ("Company") applied to the Commission to update the load forecast, natural gas forecast, and long-term contract components of the Integrated Resource Plan ("IRP") avoided cost model. IRP avoided cost rates are available to qualifying facilities ("QFs") that exceed the resource-specific project eligibility cap for published avoided cost rates under Idaho's implementation of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

On November 16, 2022, the Commission issued a Notice of Application and established public comment and Company reply deadlines. Order No. 35595. The Commission Staff ("Staff") submitted comments and was the only party to do so. The Company did not file reply comments.

Having reviewed the record in this case, including Staff's comments, the Commission approves the Company's annual update.

BACKGROUND

Pursuant to the PURPA and the Federal Energy Regulatory Commission's ("FERC") implementing regulations, this Commission has approved the IRP Method to calculate avoided cost rates for qualifying facilities ("QFs") that are above the resource-specific project eligibility cap. QFs that are below the applicable project eligibility cap are eligible to receive published avoided cost rates calculated using the surrogate avoided resource ("SAR Method"). *See* Order No. 32697 at 7-8. The avoided cost rate is the purchase price paid to QFs for the energy, or the energy and capacity, that the QF provides to the utility. 18 C.F.R. § 292.101(b)(6) (defining "avoided cost"). To ensure that avoided costs most accurately reflect the utility's marginal cost of energy or capacity, the Commission has directed utilities to "update fuel price forecasts and load forecasts annually – between IRP filings," and to update the Commission about its "long-term contract commitments because of [their] potential effect . . . on a utility's load and resource balance." Order No. 32697 at 22.

THE APPLICATION

The Company stated that the increase in load forecast between May 2021 and May 2022 (as shown on Table 1 of the Company's Application) was primarily a result of growth with its industrial and commercial customers. Application at 2.

The Company stated its most current Official Forward Price Curve ("OFPC") was completed on September 30, 2022, and generally gas prices in the OFPC are up "over all forecast years compared" to last year's OFPC. *Id*. at 4.

The Company stated that it entered 19 long-term contracts—including 12 QF contracts—for a total nameplate capacity of 1,018.4 megawatts ("MWs"). Additionally, two long-term contracts expired that were not renewed and nine long-term contracts expired that were subsequently renewed, for a total nameplate capacity of 359.1 MWs. *Id*. at 5; Table 3. Currently, the Company is a party to 38 non-PURPA, long-term power purchase agreements (nameplate capacity of 3,108 MWs, and 156 PURPA QF projects (nameplate capacity of 2,265 MW).

STAFF COMMENTS

Staff recommended approval of the updated energy load forecast, natural gas forecast, and long-term contracts, effective January 1, 2023.

Staff compared the proposed, updated load forecast with the approved forecast from last year and believed that the proposed forecast was reasonable. Staff noted that there was accelerated long-term energy demand due to increased air conditioning usage and increased saturation of electrified vehicles. However, Staff noted that there was less change in short-term load growth projections. Staff noted that this was important because avoided cost rates determined in the IRP method are most useful for the first few years due to IRP-based avoided cost contracts being limited to two years.

To accurately evaluate this year's natural gas forecast, "Staff conducted two analyses… (1) a comparison of the proposed Henry Hub forecast and last year's forecast approved in Order No. 35317; and (2) a comparison of the Company's proposed Henry Hub forecast to the Henry Hub forecasts of Avista and Idaho Power." Staff Comments at 3. Staff noted that the Henry Hub forecast for this year reflects higher than anticipated gas prices when compared to the Henry Hub forecast from last year. Staff believed that the difference between the two forecasts was primarily driven by increasing prices in the natural gas markets. Staff accordingly believed that it was reasonable to utilize the proposed Henry Hub forecast of the next few years. Staff noted that, despite differing methods, all three utilities' forecasts were quite similar for the next few years. After reviewing the similarities of these two analyses between the most relevant next few years, Staff stated that they believed that the Company's proposed natural gas forecast was reasonable.

Although contract related updates are continuously incorporated into the IRP model, Staff recommended that contract updates should continue to be a part of future applications to optimize the Commission's oversight of updates. Staff noted that Order No. 33357 required that utilities create and utilize a queue to track the order of QF projects and negotiations.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and -503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Under this authority, we have reviewed the record, including the Application and Staff's comments. We find that the Application complies with our directives in Order Nos. 32697 and 32802. The load growth and natural gas price forecasts are reasonable as filed given the information available at this time. The Commission further finds that all contract changes as filed are reasonable.

ORDER

IT IS HEREBY ORDERED that the Company's annual updates to its energy load and natural gas price forecasts are reasonable and approved, effective as of January 1, 2023.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 21st day of December 2022.

ERIC ANDERSON, PRESIDENT

JOHN CHATBURN, COMMISSIONER

JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:

Jan Noriyuki
Commission Secretary

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