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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Michael Duval, Deputy Attorney General, submits the following comments.

BACKGROUND

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 contracts used in 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 caps for published avoided cost rates under Idaho’s implementation of the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

STAFF ANALYSIS

Staff has reviewed the Company’s Application and recommends approval of the proposed load forecast and the natural gas forecast to be used in the IRP model to determine

avoided cost rates, with an effective date of January 1, 2023. Staff also recommends that the Company continue to include contract updates in future annual filings, even though contract updates are incorporated on a continuous basis in the IRP model used to determine avoided cost rates.

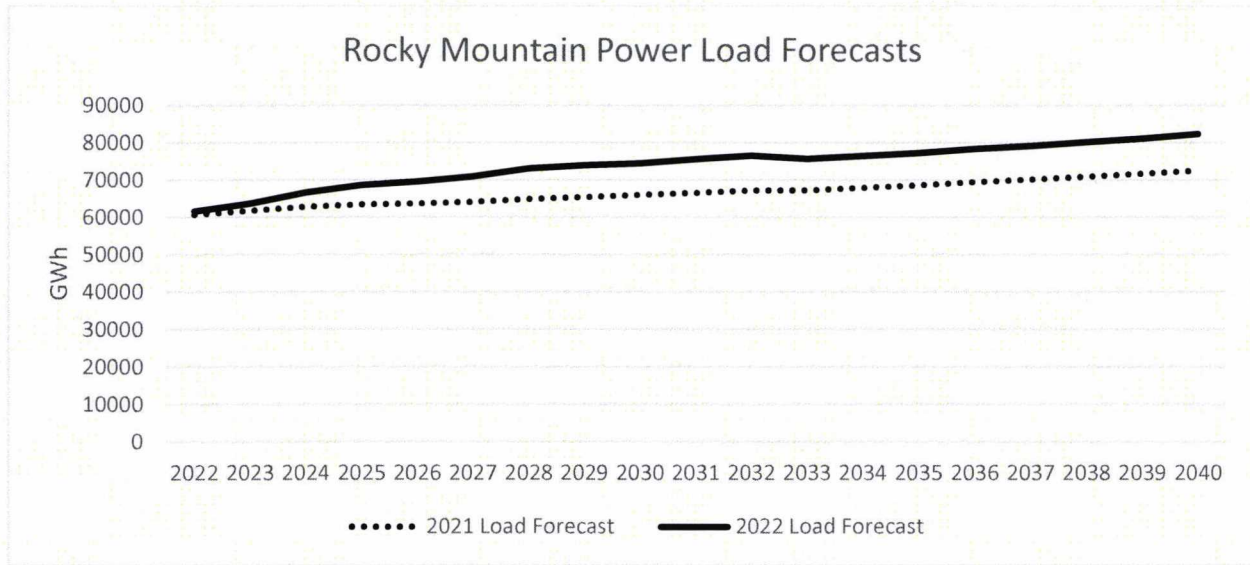
Load Forecast

Staff compared the proposed load forecast to the load forecast currently approved in Order No. 35317, illustrated in Figure No. 1 below, and believes the proposed load forecast is reasonable. Staff justifies its conclusion based on the small amount of change from the previous year's forecast over the next few years of the forecast time horizon, a period most critical to IRP-based PURPA contracts.

Over the long-term, the proposed load forecast grows faster than last year's load forecast. However, the most important time period of the forecast relevant to this filing is during the next few years. This is because only the first few years of the forecast will be used to develop avoided cost rates for IRP-based PURPA contracts until the next annual update, since IRP-based PURPA contracts are limited to 2-year contract terms.

The Company anticipates an overall increase in load over the previous year's forecast driven by increased loads from air-conditioning and vehicle electrification for the residential class and an increase in commercial class and the industrial class loads. *See* Response to Staff's Production Request No. 3 (c). Staff believes that the proposed load forecast is reasonable and reflects modest load growth trends within the Company's service territory.

Figure No. 1: Load Forecast Comparison



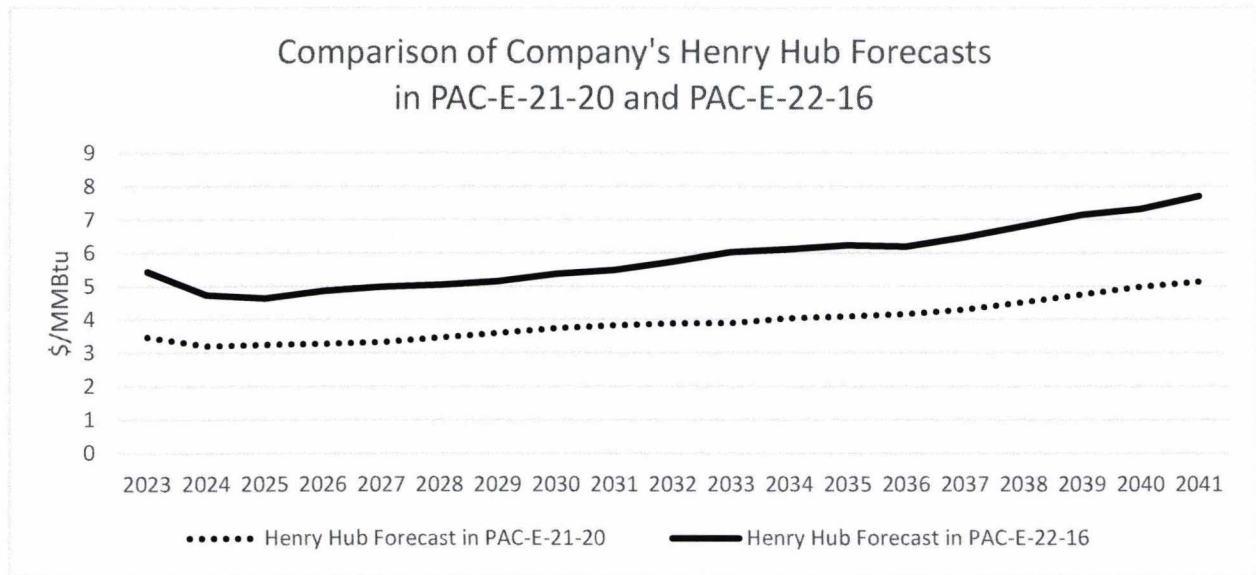
Natural Gas Forecast

Staff conducted two analyses on the natural gas forecast: (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. Based on the results, Staff believes the proposed natural gas forecast is reasonable.

Staff compared the Company’s proposed Henry Hub forecast to last year’s forecast approved in Order No. 35317. *See* Figure No. 2. This year’s Henry Hub forecast is significantly higher than last year’s Henry Hub forecast. Staff believes the difference between the two forecasts is primarily driven by the increasing prices in the natural gas markets over the past year,¹ and thus Staff believes the proposed Henry Hub forecast is reasonable.

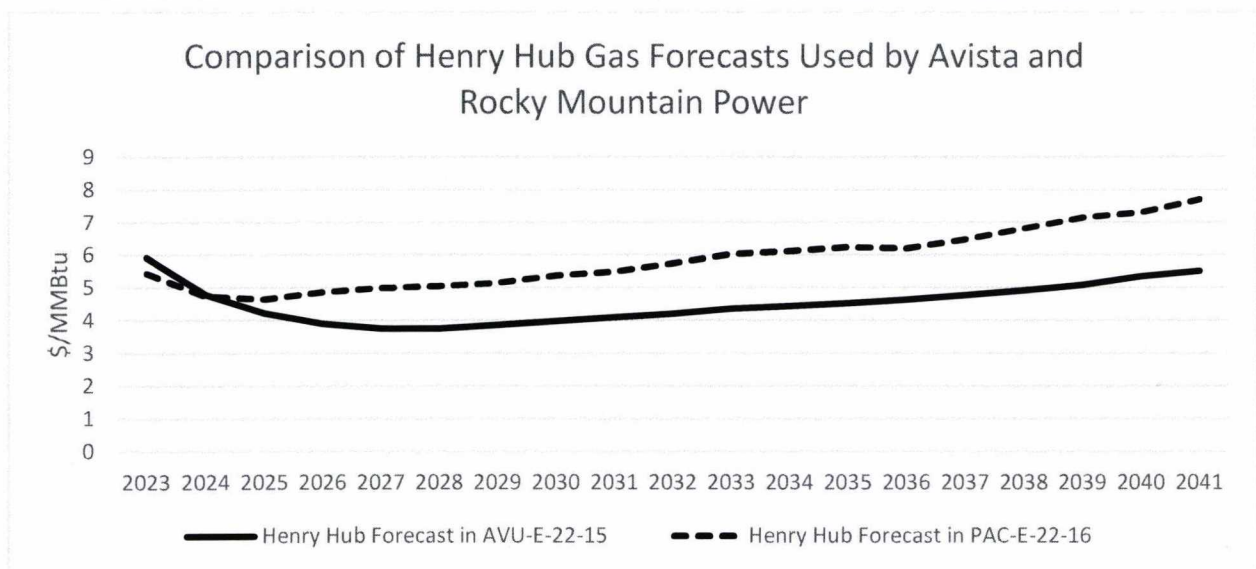
¹ See natural gas market trends on Stats Tab at <https://tradingeconomics.com/commodity/natural-gas>

Figure No. 2: Comparison of Company's Henry Hub Forecasts



Staff also compared Henry Hub forecasts used by the Company, Idaho Power, and Avista. The results show similar trends between the three utilities. Although these utilities use different methodologies to determine Henry Hub forecasts, all three forecasts reflect a high level of similarity for the next few years; therefore, Staff believes the Company's proposed natural gas forecast is reasonable. Figure No. 3 below shows a comparison of Henry Hub forecasts used by Avista and the Company. Because Idaho Power's Henry Hub forecast is confidential, it was not included in the graph.

Figure No. 3: Henry Hub Forecasts Used by Avista and Rocky Mountain Power



Contract Updates

Although contract updates are incorporated on a continuous basis in the IRP model, Staff believes the annual filing is a good opportunity for the Commission to review and monitor these updates. Therefore, Staff recommends that the Company continue to include contract updates in future annual filings. For this case, Staff believes the contract updates included in the Application are reasonable.

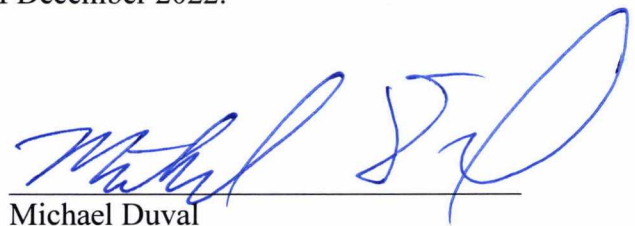
Contract updates are incorporated into the IRP model on a continuous basis. Order No. 32697 required that long-term contracts be considered in the IRP methodology at such time as contracts were signed and when they had terminated or expired. Later, Order No. 33357 found the “signed contract” language in Order No 32697 did not achieve its intended result and required utilities to create a queue to track the order in which QF projects have entered negotiations with a utility.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the following updates to be used in the Company’s IRP model for determining avoided cost rates, with an effective date of January 1, 2023 as required by Order No. 35317:

1. The proposed May 2022 load forecast as filed;
2. The proposed natural gas forecast as filed.

Respectfully submitted this 5th day of December 2022.



Michael Duval
Deputy Attorney General

Technical Staff: Yao Yin
Kevin Keyt

i:umisc/comments/pace22.16mdyykk comments


CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5th DAY OF DECEMBER 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-22-16, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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