Office of the Secretary
Service Date
December 27, 2023

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-23-20** **ORDER NO. 36038**

On October 16, 2023, Rocky Mountain Power, a division of PacifiCorp ("Company"), applied for approval of its updated load forecast, natural gas price forecast, and contracts used as inputs in the Company's Integrated Resource Plan ("IRP") avoided cost calculations, as required by Order Nos. 32697 and 32802. 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"). The Company requested its Application be processed by Modified Procedure with an effective date of October 15, 2023. On October 24, 2023, the Company filed an Errata to correct the effective date requested in the Application to January 1, 2024.

On November 2, 2023, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35980. Staff filed the only comments.

Having reviewed the record, the Commission issues this Order approving the Company's Application as follows.

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 overall increase in its 2023 proposed load forecast relative to the May 2022 forecast (as shown in table one of the Company's Application) results primarily from growing expectations of commercial and industrial customers in Utah.

The Company also stated that its most current Official Forward Price Curve ("OFPC") was completed on September 29, 2023. The Company indicated that, except for Sumas, gas prices are relatively unchanged or slightly down compared to last year.

Additionally, the Company stated that it entered 29 long-term contracts—including 23 with QFs—for a total nameplate capacity of 1,717.6 megawatts ("MW"). Only five long-term contracts expired without renewal for a total nameplate capacity of 63.4 MW. The Company also has 46 non-PURPA, long-term power purchase agreements with a nameplate capacity of 4,806 MW and 163 PURPA QF contracts with a total nameplate capacity of 2,206 MW.

STAFF COMMENTS

After reviewing the Application, Commission Staff ("Staff") recommended approval of the proposed load forecast and the natural gas forecast for use in the IRP model to determine avoided cost rates, with an effective date of January 1, 2024. Staff also believed the contract changes listed in the Application are reasonable. As IRP-based PURPA contracts have two-year contract terms, only the first few years of load and natural gas forecasts are relevant to these annually submitted updates.

1. Load Forecast

After comparing the Company's energy forecast in this case, last year's load case (Case No. PAC-E-22-16), and analyzing the Company's proposed system load, Staff believed the Company's proposed load forecast is reasonable. Staff noted that the proposed load forecast for 2023 through 2027 is lower than last year's. However, Staff believed that the Company reasonably explained this decrease by pointing to delayed projects for commercial and industrial customers in Utah and Oregon.

Despite believing the load forecast to be reasonable, Staff noted two irregularities that fall outside the timeframe relevant to this case. First, Staff observed that the forecasted load for

FERC customers falls to zero after July 1, 2027.[1] Second, Staff noted a significant reduction in Idaho's load that the Company indicated resulted primarily from lower expectations for a single customer, increased energy efficiency, and growing private generation. When Staff requested information about the FERC customers and a large Idaho customer, the Company objected and withheld the information—citing confidentiality concerns. Ultimately, Staff believed the information is not critical to this case considering the load reduction during the relevant timeframe. However, Staff indicated that it expects the Company will provide this information when it is relevant.

2. Natural Gas Forecast

After comparing the proposed Henry Hub forecast, the Company's natural gas forecast from last year, and Idaho Power's Henry Hub forecast, Staff believed the Company's proposed natural gas forecast is reasonable. Although this year's Henry Hub forecast is lower than last year's, the Staff believed this is reasonable due to the reduced impact of the Russia/Ukraine War on European markets. Staff further noted that the similarity between the Company's proposed Henry Hub forecast and Idaho Power's over the next few years reinforces its reasonableness conclusion.

3. Contract Updates

Although the IRP model incorporates contract updates continuously, the annual load and gas update is an opportunity for Commission review and supervision of contract updates. Staff noted that the Company has signed 29 long-term contracts since last year's case, and five long-term contracts have expired. Staff believed these contract updates are reasonable.

COMMISSION DISCUSSION AND FINDINGS

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 the law, and to fix the same by order. *Idaho Code* §§ 61-502 and -503. Additionally, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for

[1] Staff described FERC customers as those buying energy wholesale and then re-selling it to different retail end users.

purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61, Idaho Code, 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, 2024.

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 about 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 27th day of December 2023.

ERIC ANDERSON, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Berrios-Sanchez
Interim Commission Secretary

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