

Thursday, April 11, 2024 11:12:07 AM

IDAHO PUBLIC

UTILITIES COMMISSION

1407 W. North Temple, Suite 330
Salt Lake City, UT 84116

April 11, 2024

VIA ELECTRONIC DELIVERYCommission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714**RE: CASE NO. PAC-E-23-24
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR
AUTHORIZATION TO UPDATE THE WIND AND SOLAR INTEGRATION RATE
FOR SMALL POWER GENERATION QUALIFYING FACILITIES**

Attention: Commission Secretary

Pursuant to Order No. 36107 in the above referenced matter Rocky Mountain Power hereby respectfully submits its reply comments to the Idaho Public Utilities Commission.

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

Very truly yours,

A handwritten signature in blue ink that reads "Joelle Steward".

Joelle Steward
Senior Vice President, Regulation and Customer & Community Solutions

Joe Dallas (ISB# 10330)
PacifiCorp, Senior Attorney
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: joseph.dallas@pacificorp.com
Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR) CASE NO. PAC-E-23-24
AUTHORIZATION TO UPDATE THE)
WIND AND SOLAR INTEGRATION RATE) REPLY COMMENTS OF
FOR SMALL POWER GENERATION) ROCKY MOUNTAIN POWER
QUALIFYING FACILITIES)**

Pursuant to Rule 202.01(d) of the Rules of Procedure of the Idaho Public Utilities Commission (“Commission”) and the Commission’s March 7, 2024, Notice of Modified Procedure, Rocky Mountain Power a division of PacifiCorp (the “Company”) hereby submits reply comments in the above-referenced case.

I. BACKGROUND

1. On November 29, 2023, the Company applied for Commission authorization to modify the wind and solar integration rates applicable to new power purchase agreements (“PPA”). Specifically, purchases by Rocky Mountain Power of electric power from wind-powered qualified facilities, (“QFs”), would drop from the current \$1.25 per megawatt-hour (“MWh”) in 2024 dollars to a comparable real-levelized charge of \$1.18/MWh, while the solar integration rate would rise from \$0.96/MWh in 2024 dollars to a comparable real-levelized charge of \$1.40/MWh, applicable to purchases by Rocky Mountain Power of electric power from solar-powered QFs.

2. On January 2, 2024, Commission Order No. 36051 provided public notice of the Company's application and also a notice of the intervention deadline. On March 7, 2024, Commission Order No. 36107 provided notice of modified procedure and established the procedural schedule allowing persons who would like to file written comments to have until March 28, 2023, and the Company having until April 11, 2023, to file reply comments.

3. On March 28, 2024, Commission Staff filed comments. No other party has intervened or filed reply comments.

II. REPLY COMMENTS

A. Commission Staff's Comments:

4. Staff recommends approval of the integration rates in the Company's application while making seven recommendations for the Company's next Flexible Reserve Study ("FRS"). The Company responds to each of the seven recommendations as follows:

Staff Recommendation 1: Consistently file a case to update integration charges after the acknowledgement of each Integrated Resource Plan "IRP" to comply with Order Nos. 33937 and 34966.

The Company agrees to comply with Order Nos. 33937 and 34966 and to file a case to update integration charges after acknowledgement of the next Company IRP.

Staff Recommendation 2: Explain why capital and fixed operation and maintenance ("O&M") cost of regulation reserves should not be included in wind and solar integration costs supported by quantifiable evidence.

The Company agrees to explain why capital and fixed O&M cost of regulation reserves should not be included in wind and solar costs in its next FRS.

Staff Recommendation 3: Use the most recent data that meet reasonably sufficient duration of operations.

The Company agrees to use the most recent data that is reasonably available in its next FRS. The Company is planning its next FRS for the 2025 IRP. This new study will use more recent data however, it should be noted that the data will age between the FRS and the filing of the Company's next wind and solar integration rate application while the IRP is finalized using the results of the FRS, the IRP is filed, comments are made on the IRP, and the commission acknowledges the IRP.

Staff Recommendation 4: Determine with quantifiable evidence whether hybrid wind or hybrid solar should be treated differently than wind or solar alone.

The Company agrees to discuss how integration costs are impacted for hybrid resources which include battery storage capability as part of the FRS for the 2025 IRP. The Company would note that the impact of hybrid resources on integration needs is dependent on the contract structure, in particular whether the Company has dispatch control over the battery resource. The IRP assumes Company controls the storage component of a hybrid resource, choosing when to charge and discharge and when to hold operating reserves in a manner that is economic relative to system requirements. This provides greater value than if the battery was only used to reduce the integration requirements for the onsite resource's output, as the battery can provide value to the system when the onsite resource's output is stable, and variation in load or other variable resources may cancel out the variation of the onsite resource, negating the need for the hybrid battery to be deployed. As a result, while the hybrid wind or solar resource still has the same impact on system integration requirements, the entire capability of the battery storage counts toward meeting the system integration requirements, rather than meeting the integration requirements of a single resource. In contrast, if a hybrid resource is not controlled by the Company, the integration

requirements would drop in those hours in which the resource agrees to meet a fixed schedule of deliveries by using the battery, but the battery storage would not provide operating reserves that would count toward system integration requirements. The implications of these different hybrid battery storage operating parameters will be addressed in the FRS for the 2025 IRP.

Staff Recommendation 5: Quantify the effect of holding load constant in scaling portfolio diversity benefits.

The Company expects to revisit the calculation of regulation reserve requirements and diversity benefits for the FRS for the 2025 IRP, and does not know whether Staff Recommendation 5 will be pertinent to the resulting methodology. The Company is considering a range of modeling enhancements for the 2025 IRP, including impacts related to weather conditions that drive variation in load, wind, and solar that leads to regulation reserve requirements. The Company is open to calculating the effect of holding load constant on portfolio diversity benefits to the extent it provides meaningful insight into the calculation of regulation reserve requirements, but would hope such analysis does not displace more beneficial considerations. The Company would suggest that parties review FRS results presented as part of the 2025 IRP public input process, and provide feedback on the interpretation and characterization of the results at that time, including the suggestion to quantify the effect on diversity benefits of holding load constant if still warranted, so that targeted and beneficial analysis can be more readily identified and incorporated in the IRP before filing.

Staff Recommendation 6: Create at least 25 years of modeled results so that non-levelized rates are all generated under the same method.

The Company currently intends to continue using a twenty-year study horizon in the IRP. Developing a resource portfolio for a longer period significantly expands the optimization

problem, which is already time-consuming and constrained by computing power. As a result, adding years to the study horizon would likely result in reduced granularity for each year within the horizon. Furthermore, the validity and availability of data declines further into the future, such that modeled results may not be significantly more accurate than the extrapolation reflected in the current filing. That said, to the extent that additional years are modeled as part of the IRP, the Company agrees to use all available years of modeling results to inform the integration cost.

Staff Recommendation 7: Determine with supporting quantifiable evidence whether integration costs should include inter-hour integration costs included in prior studies.

The Company would note that its expected participation in the CAISO's Enhanced Day-ahead Market (EDAM) is expected to reduce inter-hour integration costs. Inter-hour integration costs primarily capture the cost of sub-optimal thermal unit commitment, as there is limited ability to change unit commitment from what is scheduled on a day-ahead basis. Because the EDAM will optimize unit commitment for a market footprint that is significantly larger than the PacifiCorp system, day-ahead errors are likely to be smaller as a percentage of the footprint as a whole and result in significant cost savings for EDAM participants.¹ However, given the current stage of EDAM development, it is difficult to quantify exactly how inter-hour integration costs will be impacted, particularly the levels specifically attributable to wind and solar on PacifiCorp's system. Furthermore, while overall estimates of EDAM cost savings have been developed, they will not have the same portfolio of resources and cost assumptions as PacifiCorp's IRP. While PacifiCorp intends to examine the system impacts of inter-hour integration costs, it is not certain that it will be able to develop an appropriate methodology to quantify the results for wind and solar in the FRS for the 2025 IRP.

¹ https://www.caiso.com/Documents/EDAM_Forum_Brattle_Slides_2023-08-30.pdf

III. REQUEST FOR RELIEF

5. Based on the foregoing, the Company respectfully requests that the Commission approve the integration rates as filed in its application. The Company agrees to staff recommendations 1 through 4. Because of the complexity of the methodologies and the evolving nature of the Company's resource mix and market participation, the Company cannot determine at this time whether the FRS for the 2025 IRP will be able to quantify the impacts staff recommendations 5 and 7, but it is willing to address these topics conceptually. At this time the Company does not intend to expand the scope of the 2025 IRP to include the 25-year portfolio development analysis necessary to comply with staff recommendation 6, but if such analysis is performed for some other reason, the Company will include all available years of modeling results in the integration cost calculation.

DATED this 11th day of April 2024.

Respectfully submitted,
ROCKY MOUNTAIN POWER

A handwritten signature in blue ink, appearing to read "Joe Dallas", is written over a horizontal line.

Joe Dallas (ISB# 10330)
PacifiCorp, Senior Attorney
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: joseph.dallas@pacificorp.com
Attorney for Rocky Mountain Power