

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. PAC-E-25-08
OF ROCKY MOUNTAIN POWER FOR)	
APPROVAL OF A CAPACITY DEFICIENCY)	
PERIOD TO BE USED FOR AVOIDED COST)	ORDER NO. 36780
CALCULATIONS)	

On April 30, 2025, Rocky Mountain Power, a division of PacifiCorp (“Company”), applied to the Idaho Public Utilities Commission (“Commission”) requesting approval of the capacity deficiency period determination to be used in calculating avoided cost rates and payments for qualifying facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) for both Surrogate Avoided Resource (“SAR”)-based contracts and Integrated Resource Plan (“IRP”)-based contracts using the SAR methodology (“Application”).

On May 29, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure setting a July 31, 2025, deadline for initial comments and an August 14, 2025, deadline for the Company’s reply comments. Order No. 36614. Commission Staff (“Staff”) filed comments on July 31, 2025. The Company filed reply comments on August 14, 2025. The Commission received no public comments.

Based on our review of the record, the Commission now issues this Final Order approving the Application.

BACKGROUND

Pursuant to PURPA requirements, the Commission implemented a SAR method and an IRP method for calculating avoided costs for smaller QFs that are eligible for standard pricing SAR-based contracts and larger QFs that are eligible for project-specific pricing IRP-based contracts. Order No. 33377 at 1–2; Order No. 33898 at 1–2. Under both the SAR and IRP methodology, QFs receive capacity payments after the designated capacity deficiency date. Order No. 32697 at 21.

The capacity deficiency period is established through a company’s IRP planning prior to submission to the Commission for approval in a proceeding separate from the IRP docket. Order No. 35834 at 1. The capacity deficiency date determined through the IRP process is the presumed starting point of the capacity deficiency filing. Order No. 32697 at 23.

THE APPLICATION

The Company stated that its 2025 IRP included the results of the Company's Capacity Loads and Resources without Resource Additions for the summer and winter seasons. Application at 3. The Company stated that the capacity balance is generally highest for summer peak loads, as the Company was expected to be deficient in the summer before it becomes deficient in the winter. *Id.* at 3–4.

The Company represented that after several adjustments, the first capacity deficiency of 1,077 megawatts will occur in the summer of 2028, and the first winter capacity deficiency of 115 megawatts will occur in 2031. *Id.* at 6. Notably, the Company's analysis began discounting available market purchases as of 2028 to coincide with the start of the Western Resource Adequacy Program ("WRAP") because "standard market products are not expected to count toward WRAP compliance." *Id.* at 4. The Company requested that the Commission authorize the summer of 2028 as the first capacity deficiency period when capacity payments should be made to QFs under the SAR and IRP avoided cost methodologies. *Id.* at 8.

STAFF COMMENTS

Staff reviewed the Company's Application, the load forecast, the planning reserve margin ("PRM"), and the existing resources included in the proposed load and resource balance ("L&R"), which identified the Company's capacity deficiency over a 20-year planning horizon based on the difference between load with PRM and existing resources. Staff Comments at 2. During its review, Staff focused on four areas: (1) PRM determined by WRAP; (2) Available Market Purchases; (3) contract updates; and (4) Demand Response ("DR"). *Id.* Staff recommended that the Commission order the Company to:

1. Submit a compliance filing with an updated L&R and updated capacity deficiency dates, including Available Market Purchases throughout the entire planning horizon and incorporating contract updates contained in the Company's Response to Staff's Production Request No. 22;
2. Confer with Staff regarding the possibility of developing an Idaho-specific portfolio for determining the capacity deficiency date before the next IRP process begins; and
3. Separate DR into three DR categories in future capacity deficiency filings: existing DR, growth of existing DR, and approved future DR to clearly show the level of each category.

COMPANY REPLY COMMENTS

The Company generally agreed with Staff's recommendations. Specifically, the Company agreed to meet with Staff to explore the possibility of developing an Idaho-specific portfolio for determining the capacity deficiency date prior to the next IRP. Company Reply Comments at 2. Additionally, the Company stated it will break down demand response into existing DR, growth of existing DR, and approved future DR in its next capacity deficiency filing, consistent with Staff's recommendation. *Id.*

The Company stated that it was not opposed to Staff's recommendation that it include available market purchases in a compliance filing, though the Company further explained that it discounted available market purchases from its L&R beginning in 2028 not only to align with WRAP's compliance requirements, but also because the Company expected the compliance requirements of WRAP, and that of the California Independent System Operator's Extended Day-Ahead Market, will alter the nature and availability of short-term contracts. *Id.* at 2–3.

Nevertheless, to address Staff's recommendations, the Company updated its L&R, which was included as an attachment to the Company's Reply Comments, to include the long-term market purchase limits identified in its 2023 IRP Update and contract updates contained in the Company's Response to Staff's Production Request No. 22. *Id.* at 3. The Company represented that after these changes, the first summer deficiency period remained in 2028, but the size of the shortfall was significantly reduced. *Id.* The first winter deficiency occurred in 2037 after the changes. *Id.*

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502, and -503. *Idaho Code* § 61-501 authorizes the Commission to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* §§ 61-502 and -503 empower the Commission 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. In addition, the Commission has authority under PURPA and Federal Energy Regulatory Commission (“FERC”) regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy and capacity from QFs, and to

implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

The Commission has reviewed the Application, all submitted materials, and all submitted comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve July 2028 as the Company's capacity deficit date for avoided cost determinations under the SAR methodology, for both SAR-Based Contracts and IRP-Based Contracts. Additionally, we direct the Company to confer with Staff regarding the possibility of developing an Idaho-specific portfolio for determining the capacity deficiency date before the next IRP process begins. Finally, we direct the Company to separate DR into three DR categories in future capacity deficiency filings: existing DR, growth of existing DR, and approved future DR. As the Company's Reply Comments included an updated L&R and updated capacity deficiency dates contemplating Available Market Purchases throughout the entire planning horizon and incorporating contract updates, we will not require the Company to submit a compliance filing.

ORDER

IT IS HEREBY ORDERED that the Company's capacity deficiency date for avoided cost determinations under the SAR methodology, for both SAR-Based Contracts and IRP-Based Contracts shall be July 2028.

IT IS FURTHER ORDERED that the Company shall confer with Staff regarding the possibility of developing an Idaho-specific portfolio for determining the capacity deficiency date before the next IRP process begins.

IT IS FURTHER ORDERED that the Company shall separate DR into three DR categories in future capacity deficiency filings: existing DR, growth of existing DR, and approved future DR.

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.

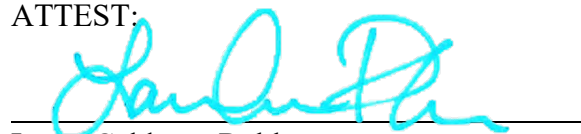
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of October 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Laura Calderon Robles
Interim Commission Secretary

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