

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-04-18, Order No. 29762

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Commission accepts Idaho Power growth plan

Boise – The Idaho Public Utilities Commission today accepted an Idaho Power plan to meet increased electrical demand over the next decade. The commission lauded the company's increased focus on conservation and development of renewable energy sources. The commission also praised the company's efforts to increase public involvement in developing the plan.

However, commissioners said the company continues to rely too heavily on gas-fired generation to meet summer peak demand and should do more to implement conservation programs. The commission also urged Idaho Power to study the potential for opportunity to increase supply and produce revenue through enhanced transmission capability.

All regulated electric and gas utilities are required to submit, every two years, an Integrated Resource Plan (IRP), that generally sets forth how the utility intends to serve the requirements of customers over the next 10 years. Idaho Power developed its IRP over a year's time and included input from industrial and irrigation customers, the environmental community, the Legislature, the governor's office and commission staff.

Acceptance of an IRP does not mean that new generation projects or resource acquisitions will be approved when companies petition the commission to include the projects in rates. All projects are evaluated for their necessity and prudence at the times they are proposed.

The commission said the 2004 IRP "is a significant improvement" over previous plans. There are nearly equal amounts of generation planned from renewable resources and the more traditional thermal generation. The commission cited, in particular, the 124 MW the company intends to generate from conservation programs like air-conditioner cycling and peak irrigation clipping and home construction efficiency measures.

"Given the continuation of drought conditions in Idaho, we believe that speedy implementation of demand-side management and energy efficiency programs are critical to serving Idaho customers," the commission said. "Though we are pleased with the efforts so far, we find that Idaho Power could and should do more to implement conservation."

"We are pleased to see that the company's preferred portfolio includes large acquisitions of renewable resources, namely wind and geothermal resources," the commission said. However, the company's continued reliance on gas-fired generation causes concern given volatile natural gas prices. Further, recent state actions that reduce the amount of irrigation pumping call into question the need for additional peaking resources, the commission said.

The commission asked the company to expand its IRP in 2006 to include an analysis of possible transmission projects, noting that expanded transmission could interconnect the company with a larger variety of electrical sources and produce revenue. The commission also urged the company to explore the possibility of adding generation to existing coal plants and consider new clean-coal technologies before making a final decision on new coal generation.

The IRP projects an increase in customer households from 320,000 to more than 380,000 by the end of 2013. Idaho Power continues to plan future power supply sources based on a "worse than median" water conditions. The utility used to count on up to 60 percent of its generation to come from the utility's own hydroelectric dams, but a sixth consecutive year of drought has forced a greater dependency on other sources.

Idaho Power plans to increase its power supply by about 800 average megawatts. The company's average amount of electricity need to serve its customers is 1660 average megawatts. The company also plans on increasing its capacity (the amount of electricity needed to serve its customers at peak-use times) by another 940 megawatts. Its current peak load capacity (reached in the summers of 2002 and 2003) is 3000 megawatts.

The long-term plan calls for the following portfolio:

- 76 MW from demand response programs. These are programs where customers can choose to reduce or shift their electricity use. They include an air conditioning cycling program and an irrigation peak-clipping program.
- 48 MW from energy efficiency programs such as manufactured home incentives, home energy checkups and industrial and irrigation efficiency efforts.
- 350 MW from wind-powered generation
- 100 MW from geothermal-powered generation
- 48 MW from combined heat and power facilities. These are typically located at industrial sites that produce power as a byproduct of their manufacturing process.
- 88 MW from natural gas plants
- 62 MW from distributed generation and purchases of electricity on the wholesale market. Distributed generation are typically small-power facilities that generate at or near the site of ultimate consumption as opposed to most electricity, which is generated at a remote site and transported by long-distance transmission lines to the consumer. Distributed generation displaces the need to transport power along the transmission and utility distribution system.
- 500 MW from coal-fired generation.

The company, in recent months, issued a request-for-proposals for 200 MW of wind generation and for an 88-MW peaking resource.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site. Click on "File Room" and then on "Recent Orders and Notices," and scroll down to Order No. 29762.