

RECEIVED

2007 JAN 19 PM 4: 25

IDAHO PUBLIC  
UTILITIES COMMISSION

Peter Richardson  
Mark Thompson  
515 N. 27<sup>th</sup> Street  
Boise, Idaho 83702  
(208) 938-7900  
(208) 938-7904 (fax)  
[peter@richardsonandoleary.com](mailto:peter@richardsonandoleary.com)

Attorneys for Exergy Development Group of Idaho LLC

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

In the Matter of Idaho Power  
Company's 2006 Integrated  
Resource Plan

Case No. IPC-E-06-24

**COMMENTS OF EXERGY  
ON IDAHO POWER'S 2006  
INTEGRATED RESOURCE  
PLAN**

COMES NOW, Exergy Development Group of Idaho LLC ("Exergy"), and pursuant to this Commission's Notice of Filing and Notice of Comment Deadline in the above-captioned proceeding, submits these comments on Idaho Power's 2006 Integrated Resource Plan (IRP). For the reasons described below, the Commission should deny Idaho Power's application to the Commission to accept its 2006 IRP for filing.

- I. **The 2006 IRP overlooks important and obvious transmission improvements.**

Idaho Power acknowledges in its 2006 IRP that its transmission system is a “key element” in fulfilling its responsibilities as a public utility.<sup>1</sup> It then, however, gives short shrift to consideration of how it should best maintain and expand its transmission system to meet its customers’ needs. Idaho Power determines in its 2006 IRP to complete two transmission upgrades, totaling 285 MW, both of which are to the Pacific Northwest.<sup>2</sup> This determination is a disconnect from the big picture in which Idaho Power operates and foregoes obvious opportunities for the Company and its customers.

**II. Idaho Power should not exclusively focus on transmission upgrades to the Northwest.**

Resources in the Pacific Northwest, to which Idaho Power is seeking increased access, are predominantly hydroelectric generation. Likewise, Idaho Power’s generation system is largely hydroelectric. Thus, in years when generation is abundant in the Pacific Northwest, it is also usually abundant on Idaho Power’s system. This means that Idaho Power’s transmission expansions in its 2006 IRP are wholly focused on accessing a market that is typically plentiful when Idaho Power does not need power, and deficit when it does.

Additionally, the Pacific Northwest hydro-system is becoming increasingly constrained due to operations for fish and wildlife mitigation, reducing surplus energy that is available for sale outside the region. Load growth in the region is also reducing surpluses, and causing utilities in the Pacific Northwest to look

---

<sup>1</sup> 2006 Integrated Resource Plan [*hereinafter* 2006 IRP], p. 20.

<sup>2</sup> 2006 IRP, p. 98.

elsewhere for energy needs. Any advantage Idaho Power may be seeking to gain from increased import capabilities from the Pacific Northwest, therefore, is dwindling. And, in any event, Idaho Power's exclusive focus on transmission upgrades to the Pacific Northwest does not represent a diversified or complementary strategy for resource acquisition.

**III. Idaho Power should expand its transmission system to the east and south, where the resources are.**

Idaho Power's determination to focus transmission expansion on access to the Pacific Northwest seems to be the result of improper constraints it put on its analysis in the 2006 IRP. Idaho Power explains that beginning with the 2000 IRP, it came to recognize that transmission constraints were limiting its options for purchased power supply strategies.<sup>3</sup> It then states that in order to "better assess power supply requirements and available transmission, the 2006 IRP contains an analysis of transmission system constraints for the 20-year planning period."<sup>4</sup> Unfortunately, Idaho Power's analysis "assumes all off-system market purchases will come from the Pacific Northwest."<sup>5</sup>

The Company's stated reason for assuming all off-system market purchases will be from the Pacific Northwest is that

Many of the utilities to the east and south of Idaho Power also experience a summer peak, and weather conditions that drive the summer peak are often similar across the Intermountain and Rocky Mountain West. Idaho Power

---

<sup>3</sup> 2006 IRP, p. 36-37.

<sup>4</sup> 2006 IRP, p. 37.

<sup>5</sup> 2006 IRP, p. 32.

believes it would not be prudent to rely on imports from the Rocky Mountain Region for planning purposes.<sup>6</sup>

Exergy submits that this analysis is overly simplistic and that Idaho Power's conclusion ignores the obvious trend toward new resource development to the east and south of it. Coal from the Power River Basin in Montana and Wyoming is likely to be the source of significant amounts of new generation resources for the region, and northwest utilities are already looking there and to Utah coal plants for future power needs. Even Idaho Power's 2006 IRP specifically calls for 250 MW of new coal-fired generation, and an additional 250 MW of IGCC coal generation.<sup>7</sup> Idaho Power is extremely unlikely to find such new generation in the Pacific Northwest, and it is currently illegal to construct any coal-fired generation plants in Idaho. It therefore makes little sense for Idaho Power to overlook transmission to the east and south when common sense points that direction for new resources.

In addition to coal resources, a substantial amount of new renewable energy projects will be sited east of Idaho Power's service territory. The 2006 IRP acknowledges this, but acts as though transmission constraints associated with those new renewables will be addressed by a planned Borah-West transmission path upgrade, scheduled for May 2007.<sup>8</sup> This conclusion flies in the face of Idaho Power's recent dealings with renewable energy developers, where it argues that they should finance approximately \$60 million of transmission upgrades it

---

<sup>6</sup> 2006 IRP, p. 32-33.

<sup>7</sup> 2006 IRP, p. 5.

<sup>8</sup> 2006 IRP, p. 99.

contends must be completed in order to integrate renewable power onto its grid and transport it to the Boise load center.<sup>9</sup> Exergy believes that what Idaho Power's position really shows is that the obvious place for Idaho Power to focus transmission expansion efforts would be toward the east and south, and that its current system is inadequate to incorporate new desirable resources.

Idaho Power's finding that many of the utilities to the east and south of it experience similar summer peaks does not favor a decision to ignore transmission expansion in that direction. As stated above, considerable resources exist and are expected in that region. The fact that other utilities will also be relying on those resources does not justify Idaho Power's disregarding them. In short, Idaho Power, like other utilities, must seek resources where they are located.

Additionally, Idaho Power's disregard of access to resources to the east and south in favor of resources in the Pacific Northwest is troubling in light of its recognition in the 2006 IRP that "[r]ecent history has shown even when power is available from the Pacific Northwest market, short-term prices can be quite high and volatile."<sup>10</sup> It is also difficult to square Idaho Power's transmission conclusions with its recent statement to this Commission regarding its 2004 IRP that "[t]he

---

<sup>9</sup> See generally, Complaint of Cassia Gulch Wind Park LLC, Answer and Comments of Idaho Power, and Comments of Exergy, on file with this Commission in Case No. IPC-E-06-21 (addressing dispute between Cassia Wind and Idaho Power arising from Idaho Power's proposal to assign \$60 million of transmission upgrades to renewable energy project developers).

<sup>10</sup> 2006 IRP, p. 36.

existing transmission system between Idaho Power and the Pacific Northwest has been largely optimized.”<sup>11</sup>

Other entities are endeavoring to construct transmission to the east and south of Idaho Power in order to gain access to the very resources Idaho Power should be seeking. For example, the Arizona Public Service Company is exploring the feasibility of constructing two new 500 kV transmission lines from the Power River Basin and adjacent wind resources to northern Arizona, through Utah, in order to access over 6000 MW of coal and wind resources there.<sup>12</sup> Again, it makes little sense for Idaho Power to overlook access to these resources as it thinks through how it will serve its loads over the next twenty years. Given that transmission projects require “considerable lead times,”<sup>13</sup> Idaho Power should not put off transmission expansions which will undoubtedly prove needful in the future.

**IV. The Commission should not accept Idaho Power’s 2006 IRP, and should send it back to the Company to reconsider.**

This Commission demands that a utility’s filed IRP contain a “reasonable assessment of supply and demand side opportunities available to the Company.”<sup>14</sup> The analysis and conclusions offered in the 2006 IRP with regard to transmission expansion, however, are not reasonable or well-considered. Without good reason,

---

<sup>11</sup> Response of Idaho Power Company to Filed Comments on its 2004 IRP, p. 8, filed in Case No. IPC-E-04-18.

<sup>12</sup> See APS Study Plan, TransWest Express Project, Phase 1—Feasibility Study, *available at* [http://www.oatioasis.com/AZPS/AZPSdocs/TransWestExpressProject-FS\\_Plan\\_7.pdf](http://www.oatioasis.com/AZPS/AZPSdocs/TransWestExpressProject-FS_Plan_7.pdf).

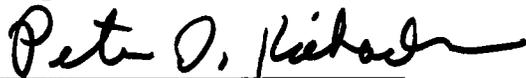
<sup>13</sup> 2006 IRP, p. 63.

<sup>14</sup> Order No. 29189, p. 20, Case No. IPC-E-02-8 (February 11, 2003).

Idaho Power fails to fully consider transmission options that would open a wealth of resource opportunities. Instead, the Company disregards transmission expansion opportunities to the east and south, and focuses myopically on upgrades to the Pacific Northwest, where resources do not complement Idaho Power's existing system, and where any advantages are likely fading.

For all the reasons stated above, the Commission should deny Idaho Power's application to accept for filing its 2006 IRP, and should require the Company to reconsider its analysis and conclusions.

Respectfully submitted this 19th day of January 2007.



Peter Richardson ISB # 3095

#### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing Comments of Exergy in Docket No. IPC-E-06-24 were mailed via U.S. Mail postage prepaid on January 19, 2007 to:

Bart Kline, Senior Attorney  
Idaho Power Company  
PO Box 70  
Boise, Idaho 83707

Lisa Nordstrom, Esq.  
Idaho Power Company  
PO Box 70  
Boise, Idaho 83707



~~Nina Curtis~~ Peter Richardson