

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL**

DATE: JANUARY 14, 2010

**SUBJECT: CASE NO. IPC-E-09-33 (Idaho Power)
2009 INTEGRATED RESOURCE PLAN (IRP)**

On December 28, 2009, Idaho Power Company (Idaho Power; Company) filed the Company's 2009 Integrated Resource Plan (IRP) with the Idaho Public Utilities Commission (Commission).¹

BACKGROUND

As required by Commission Order No. 22299 (Case No. U-1500-165), Idaho Power Company prepares and files a biennial Integrated Resource Plan setting forth how the Company intends to serve the electric requirements of its customers.

Idaho Power's 2009 IRP addresses its available supply-side and demand-side resource options, planning period, load forecast, potential resource portfolios, a risk analysis, and near-term and long-term action plans. The complete 2009 IRP consists of four separate documents: (1) the 2009 Integrated Resource Plan; (2) Appendix A – Sales and Load Forecast; (3) Appendix B – Demand-Side Management 2008 Annual Report; and (4) Appendix C – Technical Appendix.

IRP GOALS AND ASSUMPTIONS

As reflected in its Application, the primary goals of Idaho Power's 2009 IRP are to (1) identify sufficient resources to reliably serve the demand for energy within Idaho Power's service

¹ The normal filing date for Idaho Power's biennial IRP would have been June 2008. However, in Order No. 30281, the Commission expressed a desire to receive the IRPs from each of its three jurisdictional electric utilities within a narrower timeframe. In response to that, Idaho Power proposed that it file its next "full" IRP in June 2009. The Commission accepted that proposed schedule on May 23, 2007, in Order No. 30317. However, the desire to provide additional information on the proposed Boardman to Hemingway 500 kV transmission line (B2H) caused Idaho Power to request permission to file the 2009 IRP by year end 2009. The Commission granted Idaho Power's request for delay to year end on May 19, 2009, in Order No. 30815.

area throughout the 20-year planning period; (2) ensure that the portfolio of selected resources reasonably balances cost, risk, and environmental concerns; (3) give equal and balanced treatment to both supply-side resources and demand-side measures; and (4) involve the public in the planning process in a meaningful way. In the 2009 IRP, the Company also explored transmission alternatives and investigated and evaluated renewable resources playing a more prominent role in the resource portfolio.

The 2009 IRP assumes that during the two 10-year planning periods (2010-2019 is Period One and 2020-2029 is Period Two) evaluated in the IRP, Idaho Power will continue to be responsible for acquiring resources sufficient to serve of all its retail customers in its Idaho and Oregon service territories and will continue to operate as a vertically-integrated electric utility.

The number of customers in Idaho Power's service area is expected to increase from around 486,000 in 2008 to over 680,000 by the end of the planning period in 2029. As a result, Idaho Power's average load is expected to increase by 13 aMW (0.7%) annually and summertime peak-hour loads are expected to increase by 53 MW (1.5%) annually through 2020-2029. Idaho Power continues to use 70th percentile water conditions and 70th percentile average load for energy planning. For peak-hour capacity planning, Idaho Power uses 90th percentile water conditions and 95th percentile peak-hour load.

PREFERRED RESOURCE PORTFOLIO

Idaho Power examined 10 resource portfolios and numerous permutations for each of the two 10-year periods as part of preparing the 2009 IRP. Following a risk analysis, Idaho Power selected Portfolio 1.4 (Boardman to Hemingway) as the preferred portfolio for Period One and Portfolio 2.4 (Wind and Peakers) for Period Two. Period One includes completion of the Langley Gulch CCCT (300 MW) in 2012, the Shoshone Falls Upgrade Project (49 MW) in 2015, and assumes completion of the Boardman to Hemingway Transmission Project in 2015. Period Two represents a strategy of adding wind resources sufficient to provide energy and Renewable Energy Credits (RECs) along with simple-cycle natural gas plants to provide peaking capacity and operating reserves necessary to integrate wind generation. The additional wind (500 MW) in Period Two assumes completion of the Gateway West Transmission Project (100 MW) by 2022. The selected portfolio adds supply-side resources capable of providing 529 aMW of energy, 1,525 MW of capacity to peak-hour loads, and 425 MW of additional transmission capacity from the B2H line to the Pacific Northwest. The selected portfolio also includes new and expanded energy efficiency

and demand-side management programs estimated to reduce average loads by 127 aMW and peak-hour loads by 438 MW by 2029.

Idaho Power believes that maintaining a diverse resource portfolio is the best way to mitigate risk given the amount of uncertainty in the planning process. As part of this strategy, the 2009 IRP contains a qualitative discussion of the potential risk associated with carbon regulation, developing technologies, resource siting, and relying on market purchases. Although a market for renewable energy credits (RECs) has recently developed, the Company contends that there is uncertainty associated with the future market value of RECs and potential limitations on the quantity of RECs that may be purchased to meet state renewable portfolio standards (RPS) requirements or federal renewable electricity standards (RES).

To incorporate stakeholder and public input, the Company worked with the Integrated Resource Plan Advisory Council (Advisory Council), comprised of members of the environmental community, major industrial customers, agricultural interests, Idaho state legislators, representatives of the Oregon and Idaho Commission Staffs, representatives of the Idaho Office of Energy Resource and Idaho Governor's Office, and others, including representatives of groups opposed to the Company's proposed B2H transmission line project.

A copy of the complete 2009 IRP can be found on the Company's website at www.idahopower.com. Interested persons may also request a printed copy of the 2009 IRP by contacting Mark Stokes at (208) 388-2483 or mstokes@idahopower.com. The Company states that it will schedule public presentations regarding its IRP at community meetings held throughout its Idaho and Oregon service territories in early 2010.

COMMISSION DECISION

Commission Staff recommends that the Company's 2009 IRP be noticed and that a six-week comment deadline be established. Does the Commission agree with Staff's recommended procedure?



Scott Woodbury
Deputy Attorney General

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