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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S 2011 INTEGRATED)
RESOURCE PLAN)
)
)

CASE NO. IPC-E-11-11
COMMENTS OF THE IDAHO
CONSERVATION LEAGUE

COMES NOW the Idaho Conservation League (ICL) with the following comments on Idaho Power's 2011 Integrated Resource Plan. ICL is a member of the IRP Advisory Committee. As an IRPAC member, ICL participated in developing this plan and provided both written and verbal comments throughout the process. ICL commends Idaho Power for the inclusive process used to develop this IRP.

On the whole, the 2011 IRP is a reasonably fair discussion of the current and future state of affairs for Idaho Power. Below we highlight a few issues the Commission should consider when reviewing and accepting this plan. In accepting the Rocky Mountain Power 2011 IRP the Commission stated: "It is the ongoing planning process that we acknowledge, not the conclusions or results."¹ Accordingly, ICL's comments below focus on the process used to evaluate different resource options and develop an integrated plan.

Energy Efficiency

The process used to analyze the potential for energy efficiency programs, both existing and

¹ Order No 32351 at 9.

new, does not place these resource on equal footing with supply side resources. In reviewing the potential for existing and new energy efficiency resources the 2011 IRP “placed primary emphasis on the first five years (2011-2015) when reviewing program potential; then future program performance was assumed to be held constant at 2015 levels, unless known codes and standards or other mitigating circumstances justified ramping the program down early.”² The process of looking ahead only five years and then assuming no further growth in programs is unlike any other resource type. The IRP does not look at the potential to develop simple cycle combustion turbines by 215 and then assume no further growth. Instead, the IRP weighs the costs and risks and plans to acquire additional supply resources in the future according to the least-cost, least-risk mantra. ICL encourages the Commission to adopt the Rocky Mountain Power planning process of identifying the cost effective level of energy efficiency as part of the resource portfolios.

Another example of the unequal treatment of energy efficiency is found in the analysis of various resource costs. The IRP calculates that existing programs have a levelized cost of 3.6 cents per kwh and new programs cost 5.1 cents per kwh.³ But these levelized costs never appear when the Company considers new resources options meet load requirements.⁴ In this instance, energy efficiency is not just on an unequal playing field, it is not on the field at all. This process fails to find the least cost, least risk mix of resources.

While energy efficiency is clearly the least cost resource, there is some risk associated with it. Foremost is some uncertainty is whether it is a sufficiently reliable and available resource. The 2009 DSM Potential Study by Nexant documents substantial amounts of economic energy efficiency potential yet to be acquired. ICL commented on the 2009 IRP that the “Commission should direct Idaho Power to redouble its efforts in the 2011 IRP to achieve the economic

² IRP at 38.

³ *Id* at 40 – 42.

⁴ See Fogure 6.9 at page 77,

potential for DSM documented in the Nexant report.”⁵ In response, the Commission stated: “In addition to economic barriers there are also non-economic barriers. An identification of barriers would be helpful in explaining and understanding the Company’s efforts and strategy to close the gap between economic potential and achievable potential.”⁶ The 2011 IRP mentions in a single paragraph the non-economic barriers including “understanding of behaviors and decisions that residential customers make in regards to energy efficiency investments[.]”⁷ The remainder of this paragraph notes continued use of process evaluations to understand these barriers. ICL submits that merely mentioning barriers and future evaluations is an insufficient process for explaining Idaho Power’s efforts and strategy to acquire all cost effective energy efficiency.

A more important risk factor is the impact of not acquiring cost effective energy efficiency. Idaho Power includes “DSM variability” as a risk factor when evaluating all of the potential resource portfolio options.⁸ This analysis shows that not acquiring DSM has a larger negative consequence than positive consequence for ratepayers. If Idaho Power has a low level of DSM acquisition the cost of every portfolio will increase by \$49-\$61 million. But if Idaho Power achieves a high level of DSM the cost for each portfolio could decrease by \$118 - \$119 million. The failure to achieve a high level of DSM will negatively affect ratepayers regardless of any portfolio option. Accordingly, the IRP planning process should include a robust strategy to ensure Idaho power acquires all cost effective energy efficiency.

Carbon Issues

Planning for the risk of future carbon regulation is another important part of the resource planning process. There are essentially two ways to mitigate the risk of future carbon regulation;

⁵ Order No. 32042 at 5.

⁶ *Id* at 19 – 20.

⁷ IRP at 39 – 40.

⁸ *Id.* at 102, 105-106.

either reduce the emission of carbon or purchase compliance tools, offsets or options. ICL maintains that directly reducing carbon emissions is the best policy and does not support using ratepayer funds to purchase offsets. The only additional information about carbon offsets in the 2011 IRP compared to the 2009 IRP regards the collapse of the Chicago Climate Exchange, “the sole voluntary GHG reduction and offset trading platform for North America and Brazil.”⁹ Meanwhile directly reducing carbon emissions does not rely in complex financial markets of products.

The planning process for directly reducing reliance on carbon emitting resources should begin with a unit-by-unit review on continued investments in Jim Bridger and Valmy coal plants. The IRP explains that plant modifications for emission controls at Jim Bridger are planned for 2015, 2016, 2021, and 2022, and that decisions to upgrade the boilers in units #3 and #4 “are currently being evaluated.”¹⁰ But the IRP does not provide any further details on the costs or risks of this strategy. ICL encourages the Commission to require Idaho Power to develop an integrated plan using both demand side and supply side resources to avoid these costly expenses and mitigate carbon emission risk in future IRPs.

Solar Power

As in 2009, the 2011 IRP continues to demonstrate the rising potential for solar to be a least cost, least risk resource. The overriding feature of solar today is the plummeting cost for photovoltaic panels. When assessing the capital cost risk of solar resources the IRP acknowledges the potential for falling solar prices but then states “Solar-powered resources are also estimated to have substantial potential for increase capital costs.”¹¹ Robust planning

⁹ *Id.* at 10.

¹⁰ *Id.* at 68.

¹¹ *Id.* at 101.

processes begin with robust data. ICL has not seen any credible analysis that shows solar has “a substantial potential” for rising capital costs. By using the specter of rising capital costs, the IRP inaccurately models the risk for solar resources.

The IRP does mention that Idaho Power continues to consider a Solar Demonstration Project building on the 2009 IRP and solar potential study. While ICL encourages Idaho Power to pursue solar as a resource, the proposed demonstration project is not the right direction. The IRP states that part of the facility “would be devoted to testing new PV panel technologies, inverters, and other mounting and tracking systems.”¹² While important information, this type of research is already being conducted at universities and labs including the Nation Renewable Energy Research Laboratory. While the IRP review process is typically focus on planning, not outcomes, in this instance Idaho Power is announcing its plan to pursue a CPCN for the demonstration project. ICL encourages the Commission to weigh in early in this process. ICL submits a more valuable use of Idaho Power resources is to address issues like interconnection standards, met metering policies, and integrating distributed systems into the Company’s larger system. Accordingly, a demonstration project focused on rooftop solar is a better use of Idaho Power resources.

Hells Canyon Relicensing

The IRP reports that Idaho Power recorded \$153 million in relicensing costs of Hells Canyon Complex on March 2011 and that “it is not possible to estimate the final total cost.”¹³ Final relicensing could require changes to the operation of the facilities, and thus resolving this process is a major part of the integrated plan for meeting resource needs. ICL encourages the

¹² *Id.* at 11.

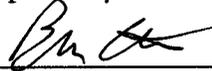
¹³ *Id.* at 14.

Commission to require a more robust discussion of the Company's efforts and strategy to resolve the relicensing process in a timely manner. At the conclusion of the next IRP cycle this process will be in its tenth year.

WHEREFORE, ICL respectfully requests the Commission consider these comments.

DATED this 14th day of November 2011.

Respectfully submitted,



Benjamin J. Otto
Idaho Conservation League

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of November, 2011 I delivered true and correct copies of the foregoing COMMENTS OF IDAHO CONSERVATION LEAGUE to the following persons via the method of service noted:

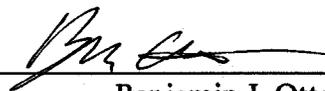
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