

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR)	CASE NO. IPC-E-13-21
APPROVAL OF ITS CAPACITY)	
DEFICIENCY PERIOD TO BE UTILIZED)	
IN THE COMPANY'S SAR)	
METHODOLOGY.)	ORDER NO. 33084
)	

In Order No. 32697, the Commission directed a case be initiated outside of each utility's Integrated Resource Plan (IRP) filing for the establishment of the capacity deficiency period to be utilized in the utility's SAR methodology. Idaho Power filed its 2013 IRP with the Commission on June 28, 2013. On November 4, 2013, Idaho Power filed an Application for approval of the capacity deficiency period to be utilized in the SAR avoided cost methodology. Idaho Power reported that its first deficit occurs in July 2021.

The case was processed by Modified Procedure. Commission Staff and Idaho Irrigation Pumpers Association filed comments. Idaho Power filed a reply. On April 8, 2014, the Commission issued Order No. 33016 approving July 2013 as Idaho Power Company's first capacity deficit to be utilized in the Company's SAR methodology.

On April 29, 2014, Idaho Power filed a Petition for Reconsideration pursuant to *Idaho Code* § 61-626. The Company argues the Commission's determination of Idaho Power's first capacity deficit year is arbitrary, capricious and not in conformity with the facts or applicable law. The Commission granted reconsideration and established comment and reply deadlines. Order No. 33042. Pursuant to *Idaho Code* § 61-626(3), the Commission stayed the effects of Order No. 33016 until reconsideration was complete. No person or party commented on Idaho Power's Petition for Reconsideration.

By this Order, the Commission approves July 2021 as Idaho Power Company's first capacity deficit to be utilized in the Company's SAR methodology.

BACKGROUND

The Application

Idaho Power filed its 2013 IRP with the Commission on June 28, 2013. Idaho Power's 2013 IRP identifies the first peak-hour deficit occurring in July 2016. On October 15,

2013, Idaho Power filed updated components of the incremental cost IRP avoided cost methodology consisting of an updated load forecast, updated natural gas forecast, and updated list of new and terminated PURPA contracts and long-term power purchase agreements. Applying the updated load and contract information with the 2013 IRP peak-hour deficits results in a first deficit for Idaho Power in July 2013.

On October 2, 2013, Idaho Power filed a settlement agreement regarding the continuation of its demand response programs. The Company maintains that updating its peak-hour deficits with up to 440 MW of capacity from the suspension of demand response programs results in the peak-hour deficits first occurring in July of 2021. Consequently, Idaho Power requests that the Commission approve July 2021 as the capacity deficiency period to be utilized in its SAR avoided cost methodology.

Final Order No. 33016

The Commission noted that Idaho Power's 2013 Integrated Resource Plan identifies that the Company's first peak-hour deficit occurs in July 2016. Updates to the IRP-identified first peak-hour deficit based on load forecast, natural gas forecast, new and terminated PURPA contracts and long-term power purchase agreements results in a first deficit occurring in July 2013. The Company further proposed to include 440 MW of demand response which would delay Idaho Power's first deficit until July 2021. The Idaho Irrigation Pumpers Association supported Idaho Power's proposal. Staff supported the inclusion of only 170 MW of demand response – which would result in a first deficit year of 2016.

After a thorough review of the evidence and arguments of the parties, the Commission determined that, for purposes of use within the SAR methodology, Idaho Power's first capacity deficit occurred in July 2013. The Commission declined to include demand response in a determination of capacity deficiency because of recent changes in the Company's demand response programs that are likely to have an impact on program participation. The Commission stated "we decline to arbitrarily choose a number to attach to demand response for purposes of calculations within the SAR methodology absent evidence of the restructured programs' success." Order No. 33016 at 5.

ISSUES ON RECONSIDERATION

Legal Standards

Reconsideration provides an opportunity for a party to bring to the Commission's attention any question previously determined and thereby affords the Commission with an opportunity to rectify any mistake or omission. *Washington Water Power Co. v. Kootenai Environmental Alliance*, 99 Idaho 875, 879, 591 P.2d 122, 126 (1979). Consistent with the purpose of reconsideration, the Commission's Procedural Rules require that petitions for reconsideration "set forth specifically the ground or grounds why the petitioner contends that the order or any issue decided in the order is unreasonable, unlawful, erroneous or not in conformity with the law." Rule 331.01, IDAPA 31.01.01.331.01. Rule 331 further requires that the petitioner provide a "statement of the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted." *Id.*

The Commission may grant reconsideration by reviewing the existing record, by written briefs, or by evidentiary hearing. IDAPA 31.01.01.332. If reconsideration is granted, the record must be finally submitted within 13 weeks after the deadline for filing petitions for reconsideration. *Idaho Code* § 61-626(2). The Commission must issue its order upon reconsideration within twenty-eight (28) days after the matter is finally submitted for reconsideration. *Id.*

Idaho Power's Petition

Idaho Power argues the Commission's determination regarding the Company's capacity deficiency to be used in the SAR methodology is arbitrary, capricious, unreasonable, unlawful, erroneous, and not in conformity with the facts and/or applicable law. Petition at 1. The Company maintains that utilization of the Commission's capacity deficiency would result in "avoided cost projections, locked in for up to 20 years, that exceed the Company's avoided costs and are harmful to Idaho Power's customers." *Id.* Idaho Power asserts that the Commission's findings are not consistent with the requirements of the demand response settlement agreement, not consistent with the portfolios and analysis contained in the 2013 IRP, and not consistent with actual demand response participation levels established for 2014.

Idaho Power argues that because it is required to accept up to 440 MW of demand response capacity from program participants, 440 MW should reasonably be included to offset the Company's capacity deficiency determination. The Company further maintains that the

Commission “need not speculate as to participation in demand response.” *Id.* at 7. The Company now reports that it has over 400 MW of demand response subscriptions for the 2014 season.

Idaho Power argues that ignoring the past proven capabilities of the Company’s demand response programs would be inappropriate. “Based upon the additional evidence that over 400 MW of DR has subscribed for the 2014 season, the IRP’s reliance upon meeting various capacity deficits through 2020 with up to 400 MW of DR continues to be reasonable and well founded.” *Id.* at 12. The Company further argues that ignoring DR potential erroneously increases the avoided cost of capacity payments made to PURPA projects. “Customers are harmed in that they must pay for capacity provided by the DR programs, and then pay again for a capacity contribution in the PURPA contracts, when those capacity deficits will have all ready [sic] been met by the DR programs.” *Id.* at 13. Idaho Power states that including 400 MW of demand response in a determination of capacity deficiency for purposes of the SAR methodology results in an identified capacity deficiency occurring in July 2021.

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, pursuant to *Idaho Code* § 61-626, the Commission has the authority to reconsider its prior Orders. The Commission further has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

After examining Idaho Power’s Petition, our final Order and the underlying record in this case, we find that Idaho Power has established a basis upon which consideration of demand response in a determination of when the Company becomes capacity deficit is just and reasonable. Our primary concern when we issued Order No. 33016 was the absence of information that could confirm or substantiate customer participation in the modified DR programs. We stated that “we decline to arbitrarily choose a number to attach to demand response for purposes of calculations within the SAR methodology absent evidence of the restructured programs’ success.” Order No. 33016 at 5. Participation levels could not be

reasonably predicted because the terms, conditions and incentives to program participants changed.

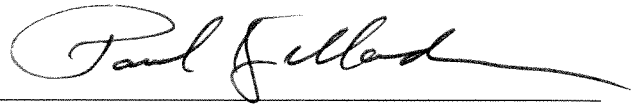
On reconsideration, Idaho Power provided evidence and argument that, as of April 24, 2014, the Company has demand response program customers for the 2014 season with an enrolled capacity of 403 MW as a result of current incentives. Petition at 8. No one disputed these facts. Based on the Company's demonstrated demand response program participation, as well as the factors considered in final Order No. 33016 (IRP, updated load forecast, updated natural gas forecast, new and terminated PURPA contracts and long-term power purchase agreements), we find that Idaho Power experiences its first capacity deficiency in July 2021. Consequently, we find it fair, just and reasonable for the Company to utilize July 2021 as the capacity deficiency date to be used in the Company's SAR methodology.

ORDER

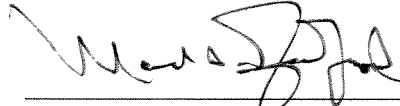
IT IS HEREBY ORDERED that Idaho Power utilize July 2021 as its first capacity deficit to be used in the Company's SAR methodology, as more fully described herein.

THIS IS A FINAL ORDER ON RECONSIDERATION. Any party aggrieved by this Order or other final or interlocutory Order previously issued in this Case No. IPC-E-13-21 may appeal to the Supreme Court of Idaho pursuant to the Public Utilities Law and the Idaho Appellate Rules. See *Idaho Code* § 61-627.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of July 2014.



PAUL KJELLANDER, PRESIDENT




MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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