

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE ANNUAL |) | CASE NO. IPC-E-17-15 |
| COMPLIANCE FILING OF IDAHO |) | |
| POWER COMPANY TO UPDATE THE |) | NOTICE OF APPLICATION |
| LOAD AND GAS FORECASTS IN THE |) | |
| INCREMENTAL COST INTEGRATED |) | NOTICE OF |
| RESOURCE PLAN AVOIDED COST |) | MODIFIED PROCEDURE |
| MODEL |) | |
| |) | ORDER NO. 33925 |

On October 13, 2017, Idaho Power Company filed its annual update to certain components of its avoided cost rate calculation for qualifying facilities (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, Idaho Power updated the load forecast, natural gas forecast, and contract information components that it uses to calculate avoided cost rates under the incremental cost Integrated Resource Plan (IRP) method, and asks the Commission to accept the updated information for filing. Application at 1. With this Order, the Commission provides notice of the Company's Application and notice that interested persons may file written comments about the Application.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from QFs at rates approved by the applicable state agency—in Idaho, this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 780, 316 P.3d 1278, 1287 (2013). The purchase or “avoided cost” rate shall not exceed the “‘incremental cost’ to the purchasing utility of power which, but for the purchase of power from the QF, such utility would either generate itself or purchase from another source.” Order No. 32697 at 7, *citing Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 917 P.2d 781 (1996); 18 C.F.R. § 292.101(b)(6)(defining “avoided cost”).

The Commission has established two methods of calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (SAR) method, and (2) the IRP method. *See* Order No. 32697 at 7-8. The Commission uses the SAR method to establish what are commonly referred to as “published” avoided cost rates. *Id.* Published rates are available for wind and solar QFs¹ with a design capacity of up to 100 kilowatts (kW), and for QFs of all other

¹ *See* Order No. 33785 (regarding battery storage facilities).

resource types with a design capacity of up to 10 average megawatts (aMW). On the other hand, if a QF's design capacity is above the published rate eligibility caps, the utility must use the IRP method to negotiate a project-specific avoided cost rate with the QF. *Id.* at 2; Order No. 32176. The IRP method accounts for "many different variables and produces a[n avoided cost] result based on each individual utility's need for energy." Order No. 32697 at 17. The IRP method's variables are at issue here.

With respect to the IRP method, the Commission requires utilities to update fuel price forecasts and load forecasts each year on October 15. Order No. 32802 at 3. All other IRP method variables and assumptions remain fixed between the biennial IRP filings. Order No. 32697 at 22. The Commission expects the utility's load and resource balance to account for long-term contract commitments, and PURPA contracts that have terminated or expired. *Id.*

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that, with this Application, Idaho Power updates its load forecast, natural gas forecast, and contract information. The Company explains that the information has been incorporated into its IRP avoided cost model and that it will use the model to begin negotiating contractual avoided cost rates as of October 15, 2017. Application at 2.

YOU ARE FURTHER NOTIFIED that Idaho Power's updated load forecast is from October 2017 and "shows, on average, an increase in its customer loads when compared to the October 2016 load forecast that was provided to the Commission for the 2016 update in Case No. IPC-E-16-22 and approved by the Commission in Order No. 33646." *Id.* at 2-3. Idaho Power provides both the October 2017 and the October 2016 average annual load forecasts for years 2017 through 2034. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power's updated natural gas forecast is the Energy Information Administration's (EIA) Natural Gas Henry Hub Spot Price: High Oil and Gas Resource and Technology forecast, published on January 5, 2017. *Id.* at 4. Idaho Power uses the same forecast, adjusted for pricing at Sumas and transport for Idaho City Gate delivery, in its 2017 IRP process. *Id.* In the 2016 update, Idaho Power used the EIA Reference Case forecast for Natural Gas Henry Hub Spot Price. *Id.* The Company explains that the 2017 forecast shows "a decrease in the average annual natural gas prices over the remaining period"

compared to the 2016 forecast. *Id.* at 4-5. Idaho Power provides both the 2017 and the 2016 forecasts for years 2017 through 2034. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that, regarding contract additions and terminations, Idaho Power explains that it has signed four new Oregon solar QF energy sales agreements (ESA) totaling 23.75 megawatts (MW); one new Idaho biomass QF ESA for 5 MW, and three replacement ESAs for existing Idaho QF hydro projects totaling 2.75 MW. *Id.* at 6. The Company's documentation indicates that two ESAs terminated or expired: one for a 10 MW project in Idaho and one for a 0.80 MW project in Oregon. *Id.* Attachment A. The Company indicates it continuously includes new ESAs, terminated or expired contracts, and new complete ESA applications in its avoided cost IRP model. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that the Company's Application has been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission's Website at www.puc.idaho.gov under "File Room" and then "Electric Cases."

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-.204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this filing may file a written comment with the Commission **no later than December 7, 2017**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Donovan Walker
Attorney for Idaho Power Company
Idaho Power Company
1221 West Idaho Street (83702)
PO Box 70
Boise, Idaho 83707
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These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if any, **no later than December 21, 2017.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.


YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and specifically *Idaho Code* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Interested persons shall have until December 7, 2017 to file written comments. The Company shall have until December 21, 2017 to file reply comments, if any.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *1st*
day of November 2017.



PAUL KJELLANDER, PRESIDENT

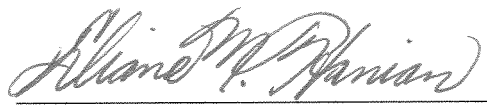


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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