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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF PACIFICORP DBA )

UTAH POWER & LIGHT COMPANY’S)CASE  NO.  UPL-E-97-1

1995 ELECTRIC RESOURCE AND MARKET)

PLANNING PROGRAM (RAMPP-4) UPDATE. )

)COMMENTS OF THE

)COMMISSION STAFF

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COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Scott Woodbury, Deputy Attorney General, and submits the following  comments for the Commission’s consideration in Case No. UPL-E-97-1.

On November 27, 1995, PacifiCorp dba Utah Power and Light Company (Utah Power; Company) in Case No. UPL-E-95-5 filed its 1995 electric Resource and Market Planning Program (RAMPP-4; IRP) with the Idaho Public Utilities Commission (Commission).  By Minute Entry signed December 31, 1996, the Commission accepted the Company’s RAMPP-4 and closed the docket.  In its Minute Entry, the Commission acknowledged that the Company’s filing complied with the Commission’s direction in Order No.  22299 issued January 27, 1989, which requires Utah Power to file a biennial Resource Management Report describing the status of the Company’s electric resource planning.

On December 16, 1996, Utah Power submitted a RAMPP-4 Update (Update).  The Company represents that the purpose of the Update is to use more current information for planning in order to better assess changing market conditions and provide an up-to-date assessment of cost-effective DSM and the timing of resource decisions.  Due to increasing competition and governmental actions, the Company notes that the electric utility industry is moving from regulated monopolies to competitive markets.  The Company contends that integrated resource planning in a monopoly regulated world which focused on a long-range approach that anticipated resource needs and identified the least-cost mix of DSM and power plants to meet those needs,  resulted in a report which is out-of-date by the time it is filed every two years.  Consequently, the Company wishes to modify the process to result in a more timely analysis and reporting schedule by filing future reports annually.  This Update is the first of those annual reports.

Significant Events in 1996

Significant events in 1996 that have had an effect on the Company’s planning include the following:

•The Federal Energy Regulatory Commission (FERC) Orders 888 and 889 and the Company’s response to those Orders;

•Two outages that affected much of the Western United States;

•Beginning the process to form a small number of independent system operators (ISOs) to operate large portions of the Western System Coordinating Council (WSCC) transmission system;

•Resolution of emission reductions at the Centralia plant;

•The Northwest Comprehensive Review;

•California restructuring.

Benchmarks

In the RAMPP-4 Report, the Company identified several benchmarks to guide it in its decision making.  The Company recognized that a change in any of these benchmarks would warrant a re-examination of its action plan.

The RAMPP-4 action plan set benchmarks for load growth to be within a range of 1.5 percent to 2.5 percent.  The 1994 to 1996 average load growth was approximately 2 percent per year, which is on track with the RAMPP-4 medium forecast.

The benchmark for gas price escalation in RAMPP-4 is for increases from 0 percent to 4 percent.  Accepted gas price forecasts indicate prices will rise by an average of 1.5 percent per year over the study period, thus this benchmark was not triggered.

In RAMPP-4, analysis indicated that the Company’s action plan would need to be changed  if non-firm market prices increased or decreased more than 25 percent.  During 1996, there was little change in pricing for high load hours, but a decrease in market price of 36 percent during low load hours.  Consequently, market prices were revised in the Update to reflect this decrease.

No governmental actions in 1996 triggered a benchmark.  The most likely action would have been passage by the federal government of some form of CO2 emissions control tax.  This did not occur, however.

The renewable benchmark would be triggered if one of the renewable technologies achieved costs within 10 percent of the cost of acquiring gas-fired resources at the time a decision would be made.  None of the renewable technologies have yet achieved this cost level.

Changes to Input Assumptions

The Company changed its planning reserve margin from 12 percent in RAMPP-4 to 10 percent in the Update.  A lower reserve margin was adopted because, the Company contends, better access to market power to meet short-term capacity needs and a more efficient power market results in less need for reserves.

The Company also changed the specification of geographic areas and transmission limits by creating a new region in the Idaho area.  This split the RAMPP-4 Utah load into a Utah area and an Idaho area.  The transmission paths are now from Bridger to Idaho and from Utah to Idaho.  This allows the model to capture a significant transmission constraint between Utah and the southern Idaho load.

The energy load forecast in the Update is the same as in RAMPP-4 because the forecast is tracking well and the expected long-term economic growth has not changed.

Several other data inputs to the existing system were updated as follows:

•RAMPP-4 and RAMPP-3 assumed 122 MW of summer QF capacity.  Based on a thorough  Company review of all of its QF contracts, the Update increases the QF contribution to the summer peak to 180 MW.

•RAMPP-4 assumed 10 MW of wind capacity in 1997 and beyond.  Because of the indefinite postponement of the Columbia Hills Project, the Update assumes only 6 MW of wind capacity.

•RAMPP-4 assumed 150 MW of new capacity from simple-cycle combustion turbines to be located in Arizona Public Service Company’s territory.  Based on a revised economic analysis, these turbines have been indefinitely postponed and the Update does not include them.

•The Update shows the Hermiston capacity increasing from 434 to 454 MW because operating experience shows that its capacity is higher than first estimated.

The net result of these changes to the input assumptions is an increase in resources for each year of the study period.  Combined with the changes triggered by the benchmarks, the result is a new base case in the Update showing a need for a new cogeneration unit in 2002.  In addition, it shows that 15.7 MWa of DSM would be cost-effective in 1997.

RAMPP-4 Action Plan Revisions

The only change the Company is making in its action plan is a reduction in the DSM targets beginning in 1997.  The new modeling identifies 15.7 MWa of DSM as being cost-effective for 1997, rather than the 25 MWa identified as cost-effective in modeling conducted almost two years ago.  The Company believes the reduction in cost-effective DSM is the result of several factors: lower reserve margin requirements, lower market prices, lower gas prices, and lower capital costs for new gas-fired resources.

Staff Recommendation

Staff has actively participated in meetings held by the Company throughout the development of the Update as well as previous RAMPP reports.  Consequently, nearly all of Staff’s comments on the Update have been made and addressed by the Company during the course of this process.  Staff concurs with the Company that changes in the IRP process, such as annual updates instead of biennial submissions, are beneficial.  Staff also believes the changes incorporated in the input data and analysis for the RAMPP-4 Update are reasonable.  Given the reasonableness of these changes, Staff also accepts the change in the Company’s action plan which reduces the amount of cost-effective DSM from 25 MWa to 15 MWa.  Staff recommends the Commission acknowledge the RAMPP-4 Update.

DATED  at Boise, Idaho, this            day of May 1997.

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Scott Woodbury

Deputy Attorney General

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Rick Sterling

Staff Engineer

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