

1 **BEFORE THE PUBLIC UTILITY COMMISSION**

2 **OF OREGON**

3 **UM 1793**

4 In the Matter of

5 **IDAHO POWER COMPANY**

6 Application for Approval of Solar Integration
7 Charge.

STAFF RESPONSE TO PETITION FOR
CLARIFICATION

8 **I. Introduction.**

9 Idaho Power Company (Idaho Power) asks the Commission to clarify three elements
10 of Order No. 17-075, which addressed Idaho Power's request to approve its proposed solar
11 integration charge for qualifying facilities (QFs) selling power under the Public Utility
12 Regulatory Policy Act (PURPA). For the reasons that follow, Staff supports Idaho Power's
13 request to clarify that its solar integration charge approved for Oregon should be like the
14 charge Idaho Power currently uses in its Idaho jurisdiction, which is subject to change with
15 every additional 100 MW of solar penetration in Idaho Power's Oregon territory. Staff does
16 not support Idaho Power's request for clarification regarding two other elements of the
17 order - when Idaho Power should form a technical review committee (TRC) and whether
18 Idaho Power must conduct new integration cost studies with each integrated resource plan
19 (IRP) planning cycle.

20 **A. Staff supports Idaho Power's request for clarification regarding the**
21 **integration charge approved in Order No. 17-075.**

22 In Order No. 17-075, the Commission approved Idaho Power's proposed
23 "incremental cost" method of calculating the integration charged. Under the incremental
24 price method, the integration solar charge imposed on a QF depends on the solar
25 penetration in Idaho Power's territory at the time the QF enters into a contract (or
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1 otherwise has a legally enforceable obligation) and does not change throughout the term of
2 the contract. The Commission explained its rationale as follows:

3 We agree with Idaho Power and Staff that the Schedule 85 tariff should
4 reflect and clearly identify the incremental (tiered) pricing results, using the
5 same methods as those reflected in the company's Schedule 87 filings in
6 Idaho. In so doing, we find that incremental, rather than average pricing, best
7 serves the public interest because: (1) pricing will most closely reflect Idaho
8 Power's ongoing operating costs, (2) QFs will have pricing certainty going
9 forward and its attendant benefits, (3) contracts will be less likely to
10 generate disputes, and (4) consistency between jurisdictions will remove the
11 incentive to arbitrage the regulatory environment in making investment and
12 siting decisions.

13 We also conclude that calculating the tier level capacity based upon
14 contracted capacity, rather than installed capacity, will provide all parties
15 with greater certainty. Idaho Power shall file revisions to Schedule 85 as each
16 capacity threshold is passed—400 MW, 800 MW, 1200 MW—in order to
17 promptly provide notice to interested parties.¹

18 Idaho Power seeks clarification because the Commission's order that Idaho Power
19 "shall file revisions to Schedule 85 as each capacity threshold is passed - 400 MW, 800 MW,
20 1200 MW - in order to promptly provide notice to interested parties[.]" is not what Idaho
21 Power asked for and is different from the methodology Idaho Power uses in Idaho. As
22 explained in Idaho Power's request for clarification, its proposal was to impose integration
23 charges based on costs calculated for each 100 MW of solar integration, not each 400 MW:

24 As presented in Mr. DeVol's testimony [Idaho Power/100], the 2016 Study
25 analyzed four solar build-out scenarios at installed capacities of: 400
26 megawatts ("MW"), 800 MW, 1,200 MW, and 1,600 MW. Table 9 on page 21
of the Study Report shows the average integration costs per megawatt-hour
("MWh") for each of the four build-out scenarios. The costs identified by the
2016 Study reflect the costs to integrate solar generation for the calendar
year 2016 and are reported in 2016 dollars. They are not averaged or
levelized over the life of the solar project or plant. The Company proposes to
implement solar integration charges according to the incremental integration
cost for each 100 MW increment of solar penetration.²

27 Staff supported Idaho Power's incremental cost proposal, which is the method Idaho Power
28 uses to impose solar integration charges in Idaho.

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¹ Order No. 17-075 at 5.

² Idaho Power/200, Youngblood/3.

1 Given that the Commission adopted Idaho Power's incremental cost methodology
2 for calculating solar integration charges in part to maintain consistency with charges
3 imposed in Idaho and that the Commission did not discuss a reason to reject Idaho Power's
4 request to create tiers of solar integration charges using 100 MW increments, Staff believes
5 the order in its entirety reflects that the Commission intended to adopt Idaho Power's
6 proposal as presented in its testimony. Accordingly, Staff recommends that the
7 Commission grant Idaho Power's first request for clarification.

8 **B. Staff disagrees with Idaho Power's proposed clarification of the timing of**
9 **consultation with the technical review committee.**

10 In Order No. 17-075, the Commission addressed concerns of Staff, Oregon Solar Energy
11 Industry Association (OSEIA), and Renewable Northwest regarding Idaho Power's most
12 recently completed wind study. Staff, Renewable Northwest and OSEIA all recommended
13 that the Commission direct Idaho Power to conduct a wind integration study.³ Staff also
14 recommended that the Commission require Idaho Power to use a TRC to explore the
15 concept of assessing the total integration costs for wind and solar combined and allocating
16 those costs to each resource type based on their respective variability and predictability.⁴

17 In its order, the Commission adopted the recommendation of Renewable Northwest,
18 OSEIA, and Staff and ordered Idaho Power to conduct another wind integration study. The
19 Commission also adopted Staff's recommendation that Idaho Power use a TRC.

20 We adopt the general principle of considering integration studies, as well as
21 the additional factor of EIM participation, in the annual IRP update and IRP
22 acknowledgement processes. Given that there are no additional wind QFs
23 currently proposed in Oregon, it is not appropriate to compress a new WIS
24 process to fit within the constraints of the 2017 IRP. *Accordingly, after the*
25 *filing of the 2017 IRP on June 30, 2017, the company shall work with the TRC to*
thoroughly evaluate whether to conduct a joint wind and solar integration cost
study. As part of this assessment, the Company shall assess different methods
for allocating jointly determined costs between wind and solar. The Company
shall submit a study report and recommendation to the Commission no later
*than April 30, 2018, well ahead of the beginning of the 2019 IRP.*⁵

26 ³ Comments of Renewable Northwest and OSEIA at 6; Staff Comments at 5.

⁴ Staff Comments at 5.

⁵ Order No. 17-075 at 7.

1 In its petition for clarification, Idaho Power asks the Commission to clarify that Idaho
2 Power should complete the wind integration study prior to establishing a TRC and that
3 after completion of the wind integration study, the TRC will evaluate the feasibility of
4 estimating the unified costs of integrating wind and solar into its system and evaluation
5 methods for sharing out those estimated costs between wind and solar resources.⁶
6 Staff disagrees that the requested clarification is consistent with the Commission's order.
7 In fact, Staff recommended that the Company use a TRC to evaluate whether a joint wind
8 and solar integration study is appropriate. Establishing the TRC after the wind integration
9 study would defeat this purpose of the TRC.

10 The Commission adopted Staff's recommendation and noted that the Company
11 "shall work with the TRC to thoroughly evaluate whether to conduct a joint wind and solar
12 integration cost study."⁷ Idaho Power's proposed clarification is inconsistent with the
13 Commission's order.

14 **C. Staff recommends that the Commission decline to clarify its order**
15 **regarding the wind integration study that must be completed prior to**
16 **Idaho Power's 2019 IRP.**

17 Idaho Power seeks clarification that Order No. 17-075 requires Idaho Power to
18 conduct new integration cost studies prior to submitting its 2019 IRP, but that it does not
19 generally require new integration cost studies prior to each new IRP. Idaho Power asks the
20 Commission to clarify that a utility is only required to submit its most recent integration
21 cost studies with each new IRP, but is not required to conduct new studies prior to each
22 IRP and IRP Update.⁸

23 Staff disagrees that the requested clarification is appropriate. The order is
24 sufficiently clear on the actions Idaho Power must undertake prior to the 2019 IRP. Order
25 No. 17-075 does not address whether a new wind integration study or solar integration

26 ⁶ Idaho Power Company's Petition for Clarification at 5.

⁷ Order No. 17-075 at 7.

⁸ Idaho Power's Petition for Clarification at 5-6.

1 study will be required prior to subsequent IRPs and the issue was not addressed in
2 testimony. It is inappropriate for Idaho Power to ask the Commission to clarify an issue
3 that was not addressed in the underlying proceeding – whether a new wind integration
4 study and solar integration study should be required prior to each IRP.

5 In fact, Staff believes that the rapidity with which circumstances change means new
6 integration cost studies should be required in each IRP planning cycle. However, this
7 general issue was not addressed in the underlying docket. Accordingly, Staff does not
8 think Order No. 17-075 is the place to impose such a requirement. However, for the same
9 reason, Order No. 17-075 is not the place for the Commission to announce that integration
10 cost studies are not expected with each new IRP.

11 **III. Conclusion.**

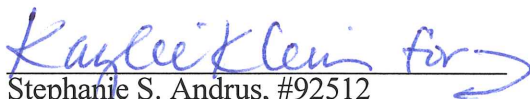
12 Staff recommends that the Commission clarify that the solar integration charge is
13 subject to change with each 100 MW of solar penetration (as opposed to with each 400
14 MW), and deny Idaho Power's request to clarify the timing of the TRC and need for new
15 integration cost studies in each IRP planning cycle.

16 DATED this 16th day of May 2017.

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Respectfully submitted,

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