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May 1, 2017

VIA ELECTRONIC

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket No. UM 1793 - In the Matter of IDAHO POWER COMPANY Application for Approval of Solar Integration Charge.

Attention Filing Center:

Attached for filing in the above reference docket is Idaho Power Company's Petition for Clarification. Please contact this office with any questions.

Very truly yours,

Wendy McIndoo
Office Manager

Attachment

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.

**IDAHO POWER COMPANY'S PETITION
FOR CLARIFICATION**

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9 Pursuant to ORS 756.561, Idaho Power Company (Idaho Power or Company)
10 respectfully files this Petition for Clarification of Order No. 17-075.¹

11 **I. INTRODUCTION**

12 On March 2, 2017, the Public Utility Commission of Oregon (Commission) issued
13 Order 17-075 (Order), in which it approved Idaho Power Company's Application for Approval
14 of Solar Integration Charges (Application). In the Order the Commission approved the results
15 of the Company's 2016 Solar Integration Study (2016 Solar Study) and directed Idaho Power
16 to update its Schedule 85 for Cogeneration and Small Power Production Standard Contract
17 Rates to implement the solar integration charge.² The Commission also ordered the Company
18 to perform additional analyses, including: assessment of the Company's participation in the
19 Energy Imbalance Market (EIM) on the costs of integrating variable resources; evaluation of
20 the feasibility of estimating wind and solar integration costs jointly; a new Wind Integration

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24 ¹ ORS 756.561 addresses petitions for reconsideration. It has been Commission practice to consider
petitions for clarification under this statute.

25 ² *In the Matter of Idaho Power Company Application for Approval of Solar Integration Charge*, Docket
No. UM 1793, Order No. 17-075 at 5, 8 (Mar. 2, 2017).

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1 Study (WIS).³ The Commission's Order included procedures and submission dates for the
2 new analyses.⁴

3 Idaho Power appreciates the Commission's adoption of the 2016 Solar Study and the
4 implementation of solar integration costs. The Company also understands the Commission's
5 requests for additional analyses. This *Petition for Clarification* is filed to ensure that Idaho
6 Power carries out the Commission's order as intended. Accordingly, as discussed in more
7 detail below, Idaho Power requests that the Commission issue an order clarifying that:

- 8 • *Idaho Power's Schedule 85 should include the "incremental (tiered) pricing results,*
9 *using the same methods as those reflected in the company's Schedule 87 filing in*
10 *Idaho*⁵ *which includes 16 pricing tiers, at each 100 MW of solar penetration as*
11 *proposed by the Company;*
- 12 • *Idaho Power is to establish a Technical Review Committee for the assessment of the*
13 *feasibility of estimating a unified cost of integrating wind and solar into its system; and*
- 14 • *The Commission is not requiring a new SIS and WIS to be conducted and submitted*
15 *with each new IRP.*

16 II. REQUEST FOR CLARIFICATION

17 The Company has three primary requests for clarification: (1) clarifying the appropriate
18 tiered pricing increment for the implementation of solar integration charges in Schedule 85,
19 and (2) clarifying the timing and process for the new WIS, assessment of EIM, and
20 assessment of the feasibility of joint wind and solar integration charges, and (3) clarifying that
21 a new SIS and WIS is not required with each new IRP.

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³ *Id.* at 6–8.

25 ⁴ *Id.* at 8.

26 ⁵ *Id.* at 5.

1 **1. Clarification of Tiered Pricing Order**

2 In its Application Idaho Power explained that the average cost of integrating solar
3 generation increases as the amount of nameplate solar generation on the electrical system
4 increases.⁶ For that reason, the Company proposed a tiered solar integration charge, which
5 increases based on the amount of solar generation installed on Idaho Power’s system.

6 To determine the tiered prices, Idaho Power studied the cost to integrate solar
7 generation at four different build-out scenarios: 0-400 MW, 400-800 MW, 800-1200 MW, and
8 1200-1600 MW.⁷ Based on the results of this analysis, the Company developed tiered pricing
9 for each 100 MW capacity level of solar penetration on the Company’s system, from 100 MW
10 through 1600 MW. These tiered prices were calculated on both average and incremental
11 bases to allow the Commission and parties to review the impact of each approach. “Average
12 costs” are calculated by averaging the costs over all solar projects that come on line;
13 “incremental costs” are calculated to reflect the incremental impact for each new project
14 added. Idaho Power proposed to use the incremental cost approach.⁸

15 The actual tiered prices proposed by Idaho Power are presented in an exhibit to the
16 Direct Testimony of Michael J. Youngblood.⁹ Exhibit 204 shows prices for each 100 MW
17 increment of solar penetration, resulting in 16 separate pricing tiers. These are the solar
18 integration charges that were adopted by the Idaho Public Utilities Commission (IPUC) on
19 August 9, 2016,¹⁰ and included in the Company’s IRP.

20 In its discussion of Idaho Power’s pricing proposal, the Commission concludes that
21 Idaho Power’s “Schedule 85 tariff should reflect and clearly identify the incremental (tiered)

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⁶ Application for Approval of Solar Integration Charge (Application) at 8.

23 ⁷ Idaho Power/100, DeVol/3.

24 ⁸ Application at 11; Idaho Power/200, Youngblood/5–6.

25 ⁹ Idaho Power/200, Youngblood/7; Idaho Power/204.

26 ¹⁰ Application, p. 7, citing IPUC Case No. IPC-E-16-11, Order No. 33563.

1 pricing results using the same methods as those reflected in the company's Schedule 87
2 filing."¹¹ The Commission provides several reasons for its decision, including its view that
3 "consistency between jurisdictions will remove the incentive to arbitrage the regulatory
4 environment in making investment and siting decisions."¹² Then the Commission instructs
5 Idaho Power to "file revisions to Schedule 85 as each capacity threshold is passed—400 MW,
6 800 MW, 1200 MW—in order to promptly provide notice to interested parties."¹³

7 Idaho Power wishes to clarify that, in citing 400 MW, 800 MW and 1200 MW as
8 "capacity thresholds" the Commission did not intend to convey that these three are the **only**
9 tiers for which the Company should set prices. Rather, Idaho Power wishes to clarify that the
10 Commission cited the three thresholds as examples only, and intended to approve the
11 Company's incremental pricing proposal, as shown in Exhibit 204, which sets a new price for
12 each 100 MW of solar capacity. This is the pricing approach adopted by the IPUC and that is
13 contained in Schedule 87. Idaho Power's 16-tier schedule provides for more granular pricing
14 than a 3-tier schedule, and will also further the Commission's goal of consistency between the
15 Idaho and Oregon jurisdictions.

16 **2. Process and Timing for New Wind Integration Study, Energy Imbalance Market**
17 **Assessment, and Report on Feasibility of Joint Wind and Solar Integration**
18 **Costs**

19 In addition to adopting the Company's solar integration charges, the Commission also
20 stated, "We direct the company to conduct a new wind integration study (WIS), assess the
21 effects of its participation in the Western Energy Imbalance Market (EIM) on variable resource
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24 ¹¹ Order No. 17-075 at 5.

25 ¹² *Id.*

25 ¹³ *Id.*

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1 integration costs, and evaluate the feasibility of estimating the wind and solar integration costs
2 jointly prior to the submission of its 2019 Integration Resource Plan (IRP).”¹⁴

3 **A. Timing on the Establishment of the Technical Review Committee**

4 In item No. 4 of the Ordering paragraph of its Order, the Commission directs Idaho
5 Power as follows:

6 Upon completion of the Wind Integration Study and the Energy
7 Imbalance Market Report, Idaho Power Company shall
8 establish a Technical Review Committee, which shall include
9 Commission Staff and interested persons. The company with
10 the Technical Review Committee shall assess the feasibility of
11 estimating the unified costs of integrating wind and solar into
12 its system and evaluate methods for sharing out those
13 estimated costs between wind and solar resources.¹⁵

14 Idaho Power wishes to clarify that in ordering the Company to establish the TRC upon
15 completion of the WIS and the EIM Report, that those items will be conducted prior to the
16 TRC, and the TRC will then evaluate the feasibility of estimating the unified costs of integrating
17 wind and solar into its system and evaluate methods for sharing out those estimated costs
18 between wind and solar resources.

19 **B. Timing on Updates to New WIS and SIS**

20 In its Order the Commission directed the Company to consider integration studies, as
21 well as the additional factor of EIM participation, in the annual IRP update and IRP
22 acknowledgement process.¹⁶ In item No. 5 of the Ordering paragraph, the Commission stated
23 that “Idaho Power Company shall submit the updated Solar Integration Study, new Wind
24 Integration Study, and assessment of joint integration cost study to the Commission no later
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¹⁴ *Id.* at 1.

¹⁵ *Id.* at 8.

¹⁶ Order No. 17-075 at 7

1 than April 30, 2018, in advance of filing its 2019 Integrated Resource Plan, along with a Report
2 and recommendations from the Technical Review Committee described above.”¹⁷

3 Idaho Power accordingly understands that a WIS and SIS must be provided with each
4 new IRP—and IRP update—filed with the Commission. The Company wishes to clarify,
5 however, that the Commission intends that the Company will, with each new IRP, provide the
6 Commission with the most recent WIS and SIS. The Company request that the Commission
7 clarify that it does not intend to require Idaho Power to perform new integration studies with
8 each IRP and IRP update.

9 III. CONCLUSION

10 Idaho Power respectfully requests the Commission clarify that:

11 (1) Idaho Power’s Schedule 85 should include the “incremental (tiered) pricing
12 results, using the same methods as those reflected in the company’s Schedule
13 87 filing in Idaho”¹⁸ which includes 16 pricing tiers, at each 100 MW of solar
14 penetration as proposed by the Company;

15 (2) Idaho Power’s intended process of conducting a new WIS and assessment
16 of the effects of the Company’s EIM participation on variable resource
17 immediately following submission of its 2017 IRP by June 30, 2017, and then
18 proceeding to convene a TRC to evaluate the feasibility of estimating the wind
19 and solar integration costs jointly, and have those reports back to the
20 Commission by April 30, 2018, prior to the submission of the 2019 IRP,
21 complies with the Commission’s directives in Order No. 17-075; and

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¹⁷ *Id.* at 8.

26 ¹⁸ *Id.* at 5.

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(3) The Commission is not requiring a new SIS and WIS to be conducted and submitted with each new IRP.

DATED: 5-1-17.

MCDOWELL RACKNER & GIBSON PC



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