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VIA ELECTRONIC FILING AND U.S. MAIL

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

Re: Docket No. UM 1461

Enclosed for filing in the above-referenced docket are an original and five copies of the Comments of Idaho Power Company Responding to Opening Comments and Bench Request.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Wendy McIndoo
Legal Assistant

cc: Service List

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in
3 Docket UM 1461 on the following named person(s) on the date indicated below by email
4 and/or first-class mail addressed to said person(s) at his or her last-known address(es)
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DATED: February 10, 2011


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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1461**

In the Matter of
PUBLIC UTILITY COMMISSION OF
OREGON,
Investigation of matters related to electric
vehicle charging.

**Comments of Idaho Power Company
Responding to Opening Comments and
Bench Request**

I. INTRODUCTION

Idaho Power Company ("Idaho Power" or "Company") submits the following Comments Responding to Opening Comments and to the Bench Request issued November 15, 2010, in the above-referenced proceeding. Idaho Power appreciates the opportunity to submit this response and supports the Commission's efforts to address the legal and policy issues surrounding electric vehicle ("EV") charging.

II. BACKGROUND

On September 9, 2010, a workshop was held by the Public Utility Commission of Oregon ("Commission") in this docket, which all three Commissioners attended. At that workshop, the Commissioners and parties discussed matters related to EV charging, EV charging infrastructure, and electric vehicle supply equipment ("EVSE"). On November 15, 2010, Administrative Law Judge ("ALJ") Kirkpatrick issued a bench request calling for parties to provide additional commentary and information on issues considered by the Commissioners at that workshop. The bench request was organized under six headings, each of which included a number of questions and requests for additional comments. The following Comments are provided by Idaho Power pursuant to the bench request, and are organized in the same manner utilized by ALJ Kirkpatrick.

1 III. DISCUSSION

2 A. Utility Ownership of EVSE Guidelines

3 Staff issued a straw proposal on July 22, 2010, that included a guideline stating,
4 "Costs, including but not limited to the design, installation, operation or maintenance of
5 publicly available EVSE stations shall not be recovered in rates." Staff reiterated this
6 position in its Opening Comments, stating: "Staff...does not believe that investment in
7 entering [the EVSE] market should be recovered in rates." A number of parties, including
8 Idaho Power, objected to Staff's position, arguing that in some circumstances it may be
9 appropriate to allow utility rate recovery for costs related to publicly available EVSE
10 stations.¹

11 In assist in resolving this controversy, the Commission requested that the parties
12 response to the following questions: If the Commission permits utilities to own publicly
13 available EVSE stations, what standards of review should the Commission use to determine
14 when recovery of utility investment in publicly available EVSE stations is warranted? What
15 are the implications, if any, of the used and useful standard (ORS 757.355) for utility
16 investment in charging stations?

17 1. Standards of Review for Determining Whether Recovery of Utility
18 Investment in Publicly Available EVSE Stations is Warranted.

19 While the policy issues surrounding utility participation in the EVSE market may be
20 complex, the appropriate standards for determining whether rate recovery of related utility
21 investment is warranted are relatively straightforward. Before a utility may recover amounts
22 invested in capital assets, the costs must be 1) prudently invested, and 2) used to serve

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25 ¹ See Opening Comments of Idaho Power Company at 17; Opening Comments of Pacific
26 Power at 11; Opening Comments of Portland General Electric Company at 12-13.

1 utility customers.² Put another way, assets may be included in a utility's rate base only if
2 they are "reasonably necessary to the provision of utility service."³ Utility service itself is
3 broadly defined. "Service is used in its broadest and most inclusive sense and includes
4 equipment and facilities related to providing the service or the product served."⁴

5 These broad guidelines raise no legal barrier to the recovery of costs related to
6 EVSE, or in particular, costs related to publicly available EV charging stations.⁵ Indeed,
7 ORS 756.005(1)(b)(g) appears to contemplate circumstances in which public utilities would
8 provide alternative fuels to motor vehicles.⁶ EVSE facilitates the transfer of electric power
9 from a utility's distribution system to an electric vehicle. Without publicly available EV
10 stations, owners of electric vehicles will be unable to operate their vehicles beyond a limited
11 geographic range. Publicly available EV stations would be used to serve utility customers,

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² *Re Application of Portland Gen. Elec. Co. for an Investigation into Least Cost Plant Retirement*, Docket DR 10 *et al.*, Order No. 08-487 at 7, n. 31 (Sept. 30, 2008) (rate base "generally includes those amounts that a utility prudently invests in capital assets that serve customers.").

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³ *Pac. Power & Light Co. v. Dep't of Rev.*, 308 Or. 49, 53-54 (1989); *see also Re Portland General Electric*, Docket No. UE 47, Order No. 87-1017, 86 P.U.R.4th 463, 471 (1987) (all that is required is a "modicum of usefulness").

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⁴ ORS 756.010(8) (2010). Note that the definition of "utility service" used for purposes of territorial allocation statutes is different. ORS 758.400(3). The Company commented on the applicability of the territorial allocation statutes to EV charging stations in its Opening Comments, at 11-12.

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⁵ Staff implicitly acknowledges this in its Opening Comments, where it discusses the straw proposal that prohibits utilities from recovering costs related to ESVE. Rather than claiming any legal prohibition on such cost recovery, Staff's recommended prohibition on utility rate recovery of EVSE costs appears to be based solely on policy considerations surrounding the entry of public utilities into the EVSE market, and Staff's belief that "a network of publicly available EVSE stations can be installed with or without the public utilities' direct entry into the public EVSE service market." Staff Opening Comments at 9.

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⁶ ORS 757.005(1)(b)(G) excludes from the definition of public utility entities that furnish alternative fuels for use in motor vehicles, where those entities "[do] not furnish any utility service described in paragraph (a) of this subsection." ORS 757.005(1)(a) provides the general definition of a public utility. The fact that the statute identifies a potential overlap between traditional public utilities and the provision of alternative fuels suggests that the legislature contemplated scenarios in which a public utility might serve both functions.

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1 and, depending on the specific fact scenario, may be found “reasonably necessary” to serve
2 those customers.

3 As would be the case in any determination of utility rate recovery, however,
4 standards related to prudence and “reasonable necessity” cannot be applied to hypothetical
5 scenarios. Particularly in the case of Idaho Power, whose primarily rural service territory is
6 not included in the test area for the EV pilot project, the future of public EV stations is
7 uncertain. The Company can easily imagine a scenario in which public EV stations located
8 in isolated rural areas will not be sufficiently profitable to: 1) allow for independent entities to
9 raise sufficient capital to make initial investments, or 2) support a robust competitive market.
10 Idaho Power may very likely find itself the “provider of last resort” for isolated communities
11 that are not served by competitive, independent entities.

12 Staff states that “the business model for publicly available EVSE service is not yet
13 clear,” and recommends that “the OPUC try not to inadvertently foreclose future options.”⁷
14 The Company concurs, and would strongly urge the Commission not to foreclose
15 opportunities for Idaho Power’s customers to participate in a fledgling electric vehicle market
16 by prematurely limiting options for rate recovery of infrastructure investments. Accordingly,
17 the Company offers the following amendment to Staff’s guideline regarding rate recovery of
18 costs related to publicly available EVSE stations:

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20 Public utilities may own and operate publicly available EVSE
21 stations. Costs, including but not limited to the design,
22 installation, operation or maintenance of publicly available
23 EVSE stations shall not may be recovered in rates if such
24 costs are 1) prudently incurred; 2) used to serve utility
25 customers; and 3) reasonably necessary to extend EV
26 charging service to utility customers.

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⁷ Staff Opening Comments at 9.

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1 Idaho Power’s proposed amended guideline would provide the Commission with a
2 standard for review for analyzing the recoverability of such costs, but would also permit a
3 fact specific analysis of the particular circumstances.

4 **2. Implications of ORS 757.355 For Utility Investment in Charging Stations.**

5 Oregon Revised Statute 757.355, known as the “used and useful standard,” prohibits
6 the recovery of costs related to real or personal property that is not presently being used for
7 providing utility service. Idaho Power does not believe this statute presents any unique
8 challenges to the recovery of costs related to EVSE. As would be the case with any asset,
9 EVSE infrastructure costs could not be included in rates until put in service to customers.

10 **B. Distribution System Upgrades Guidelines**

11 Staff’s Opening Comments include a proposed guideline governing the cost
12 allocation of distribution upgrades necessitated by the development of EVSE infrastructure.
13 This guideline is twofold. *First*, it proposes that “[e]xisting policies governing cost allocation
14 for distribution upgrades or reconfigurations . . . shall apply to new infrastructure
15 requirements for publicly available EVSE service.”⁸ With respect to this provision, Idaho
16 Power supported Staff’s proposal in its Opening Comments, stating that its existing Rule H,
17 New Service Attachments and Distribution Line Installations or Alterations, was sufficient to
18 address distribution upgrades caused by the installation of EV charging infrastructure.⁹

19 *Second*, the guideline states that, “[r]easonable costs associated with the
20 implementation of separate rate schedules for EV charging . . . shall be recovered from all
21 the utility’s customers.”¹⁰ As discussed in more detail below, Idaho Power does not support

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24 ⁸ Staff Opening Comments at 9.

25 ⁹ Opening Comments of Idaho Power Company at 14-15.

26 ¹⁰ Staff Opening Comments at 9.

1 this provision, although the Company believes it is still too early to adopt separate rate
2 schedules for EV charging in the first instance.¹¹

3 In the bench request, the Commission asks the parties to respond to the following
4 questions: 1) Will it be possible to assign responsibility for a utility's need to make
5 significant distribution system upgrades to one or a limited number of "last to the system" EV
6 customers? 2) If so, should the last to the system EV customer(s) be burdened with the full
7 cost of the distribution system upgrade? 3) If not, what are reasonable rate alternatives to
8 assigning full cost responsibility to the last to the system EV customer(s)?

9 **1. Assignment of Distribution Upgrades to EV Customers.**

10 The assignment of distribution upgrades to EV customers is largely dependent on
11 the definition of an EV customer. There are two distinct customers in this proceeding: the
12 residential EV customer and the EV public charging station customer.

13 For residential EV customers, the 3.3 kW peak load of a residential customer with a
14 single EV charging station will not be distinguishable from other large household loads such
15 as an electric range, dryer, or air conditioner. Therefore, the utility will not be able to assign
16 responsibility to a residential customer without regulation requiring the EV customer to
17 disclose the charging station to the utility. However, through Advanced Metering
18 Infrastructure standard system monitoring, the utility will be able to determine when
19 distribution system upgrades are required. In most cases, these system upgrades would be
20 added to the distribution plant rate base and the cost would be allocated to the appropriate
21 rate classes through the normal cost allocation process. In cases where significant load
22 demands can be identified and attributed to a single residential customer, that customer
23 may be required to pay for all upgrades resulting from the significant load demands.

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26 ¹¹ Opening Comments of Idaho Power Company at 2-3.

1 Public EV charging stations, on the other hand, represent potentially large peak
2 loads and will require the charging station owner/customer to make a service request. The
3 peak load information that is provided with the request will allow the utility to evaluate
4 whether any system upgrades would be required. If the load requested by a customer
5 requires upgrades, the costs would be recovered from the customer based on Idaho
6 Power's Rule H, which is the same process for all other distribution system upgrades.
7 Under that rule, if an existing customer installed EV charging equipment and that installation
8 required facility upgrades to Idaho Power's distribution system, then the customer would be
9 required to pay for those upgrades. Nothing in the record of this docket suggests that EV
10 charging should receive different treatment from all other distribution upgrades governed by
11 Rule H. Notably, however, under Rule H if a **new** customer installed a charging station
12 (e.g., for commercial purposes), then the new customer would be eligible for a Company-
13 funded allowance to offset the cost of the new equipment.

14 **2. Cost Allocation for Distribution Upgrades.**

15 As noted above, for public EV charging stations Rule H governs not only the
16 assignment of distribution upgrades to particular customers; it also governs the cost
17 allocation of those upgrades. Under Rule H, customers causing a need for upgraded
18 facilities are responsible for system upgrade costs and "last-to-the-system" customers are
19 responsible for the full cost of distribution system upgrades.

20 Idaho Power anticipates that minimal upgrades will be required for customers that
21 charge under off-peak time-of-use ("TOU") rates, as discussed below. However, it is
22 appropriate for customers to pay for distribution upgrades necessitated by their on-peak
23 use.

24 Thus, Idaho Power believes its current facility upgrade provisions under Rule H
25 reasonably and appropriately assigns costs to customers.

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1 **3. Reasonable Rate Alternatives**

2 The Commission also asked parties to explore alternatives to Staff's proposal to
3 assign the costs of implementing a separate rate schedule for EV charging to all customers
4 and include the relative pros and cons of assigning the metering, billing, and data collection
5 costs associated with the implementation of a separate rate schedule for EV charging to the
6 EV customer class.

7 Idaho Power disagrees with Staff's proposal to assign the costs of implementing a
8 separate rate schedule for EV charging to all customers. Idaho Power's primary objective
9 when setting rates is that rates should be based as closely as possible on the actual costs to
10 serve the particular customer or provide the particular service. Satisfying this objective, to
11 the greatest extent feasible, ensures that costs are recovered from those customers for
12 whom the costs are incurred; this framework results in overall rate structures that are fair,
13 helps reduce intra- and inter-class subsidies, and sends appropriate price signals to
14 encourage using energy efficiently.

15 **C. Rate Design Guidelines**

16 A significant issue in this docket is the appropriate rate design treatment for EV
17 charging, for both public and private installations. In Idaho Power's Opening Comments the
18 Company indicated that it was premature to establish a separate rate class for EV charging
19 stations, that the Company supports the concept of time variant pricing, and the installation
20 of separate EV-specific meters appears unnecessary at this time.¹² Despite differing
21 viewpoints expressed in opening comments and at the two workshops in this docket, the
22 Company continues to support these general propositions.

23 Responding to the divergent positions of the parties, the Commission asked parties
24 to address three issues: (1) the use of either a seasonal/ TOU rate schedule with separate

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26 ¹² Opening Comments of Idaho Power Company at 14.

1 or sub-metering for EV charging versus a TOU rate for the entire home or business with an
2 EV charging station; (2) the merits and disadvantages of a discounted rate class for EV
3 charging in exchange for service being interruptible during on-peak periods, and whether
4 such a program should be implemented on a pilot basis; and (3) the role of customer
5 education with regard to off-peak EV charging.

6 **1. TOU Rate Schedule with Separate Meter Versus TOU Rate For the Entire**
7 **Home.**

8 Idaho Power's comments with respect to the Commission's question address two
9 issues. These comments first address the separate schedule issue before moving on to
10 address the appropriateness of TOU rate structures for EV customers.

11 **a. Separate Rate Schedules are Unnecessary.**

12 Idaho Power strongly believes that it is unnecessary to require a separate schedule
13 for residential EV charging at this time. *First*, installing multiple meters at one site, one for
14 the EV charger and one for the remainder of the residential load, increases the costs of
15 providing electric service to the customer. This increased cost—coupled with a requirement
16 that the EV charging be governed by a separate rate schedule—could be a deterrent to
17 early EV adopters. Moreover, concerns about encouraging off-peak EV charging could be
18 addressed using a TOU rate option at the whole house level, as discussed below. This
19 would allow appropriate price signals to be sent and provides incentives for the customer to
20 reduce costs by charging the car during off-peak hours without the increased cost of a
21 separate meter and separate rate schedule.

22 *Second*, because there is so little actual cost and usage data available at this time, it
23 is difficult to design a rate schedule that would fairly assign costs to the appropriate
24 customer group. Therefore, it is premature to develop a separate rate schedule for EV
25 charging customers. As discussed above, Idaho Power's goal is to design rate structures
26 for customers that reflect the cost to serve those customers. To design an appropriate rate

1 schedule for EV customers, it is essential to know the actual costs incurred to serve them.
2 The information resulting from the EV Project and other pilots occurring in the next few years
3 should begin to provide data that could be used to design an appropriate rate schedule, if
4 one is ultimately needed. Because its service territory is not part of the EV Project in
5 Oregon, Idaho Power will benefit by waiting for additional data before subjecting customers
6 to separate rate schedules that may be poorly designed.

7 Idaho Power also is concerned about the proposed requirement to install a sub-
8 meter. The bench request references the use of sub-meters as an option in lieu of installing
9 separate meters for EV charging installation. A sub-meter could be used for informational
10 purposes but using it for revenue billing might be problematic. To calculate a separate bill for
11 a sub-metered usage requires manual calculations. Furthermore, there is no apparent cost
12 savings due to sub-metering as compared to separate metering because the cost of the
13 meter, meter base, and wiring would be approximately the same as that for a separate
14 meter. Moreover, a billing process with a manual component would add to the cost to
15 prepare a sub-metered bill.

16 Staff proposed one EV schedule for both private (residential) and public
17 (commercial) EV charging.¹³ Although it is uncertain how the public charging industry will
18 develop, it is likely that public stations potentially having multiple charging bays would
19 require a larger size and cost of facilities as well as greater service voltage than residential
20 service. These differences alone would suggest that the utility would provide service to
21 public facilities on commercial schedules instead of residential schedules. Thus, if the
22 Commission requires the adoption of a separate EV rate schedule, there should be two
23 schedules—one for residential customers and one for commercial charging stations. The
24 Company again emphasizes that it is important to provide the appropriate price signals to

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26 ¹³ Staff Opening Comments at 11.

1 the EV customer, whether at a public or private charging station or whether on a residential
2 or commercial schedule.

3 **b. TOU Rates May Be Appropriate for EV Customers**

4 Concerning the second part of the Commission's question, Idaho Power supports the
5 concept of seasonal time variant pricing for its future EV customers. Time variant pricing
6 structures provide the appropriate price signal to customers and encourage them to use
7 energy efficiently. Although Idaho Power currently does not offer time variant rates to its
8 residential customers, the Company does envision offering them in the future, when the
9 appropriate infrastructure is in place. Residential customers taking service under a time
10 variant pricing structure would receive the appropriate price signals to use energy efficiently
11 and encourage them to charge their vehicles during lower-priced off-peak time periods. This
12 would help mitigate the potential for new EV charging load to increase system-wide load
13 during on-peak hours, when the system is most constrained. After additional usage data
14 has been gathered to determine usage and cost patterns in the next few years and as the
15 ability to modulate charging times and speed is developed, separate rate structures for EVs
16 may be more appropriate and beneficial to customers and utility systems.

17 Idaho Power believes that a single time variant pricing option for the entire load at a
18 residence would be sufficient for providing the appropriate price signals to customers.

19 **2. Interruptible Service for EV Customers.**

20 The Commission also asks parties to comment on the merits and disadvantages of a
21 discounted rate class for EV charging in exchange for service being interruptible during on-
22 peak periods, and whether such a program should be implemented on a pilot basis. Idaho
23 Power does not support the provision of interruptible service to EV customers and believes
24 that implementing TOU rates addresses the same issues in a better and more efficient
25 manner. The option of a TOU rate, potentially combined with Critical Peak Pricing, could be
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1 offered to whole house residential EV customers. This option would provide a continuous
2 price signal to charge off-peak with the ability to call a critical peak event if needed.

3 **3. Role of Customer Education.**

4 The final rate design issue the Commission addressed in the bench request seeks
5 comment on the role of customer education with regard to off-peak EV charging. Idaho
6 Power recognizes that customers will likely look to electric utilities to serve as a source of
7 general information concerning electric vehicles and the ability to efficiently charge vehicles
8 off-peak. Assuming that TOU pricing is adopted for EV customers there will be a need to
9 offer educational materials that explain the concepts of time variant pricing and the potential
10 benefits of off-peak EV charging.

11 Another aspect of customer education, proposed by NW Energy Coalition, involves
12 its suggestion that utilities provide fuel mix and emissions data to customers in real time.¹⁴
13 Idaho Power agrees with Staff that reporting these metrics on an hourly basis would be
14 difficult and burdensome and probably of little value to the consumers. General information
15 regarding the most advantageous times for charging could be prepared that would be more
16 useful to EV owners and others. Idaho Power already reports its annual emissions and fuel
17 mix on the company's web site so that it is readily available to customers.

18 **D. Integrated Resource Planning Flexible Resources Guidelines**

19 The Commission's Bench Requests asks parties to comment on whether the
20 Commission should adopt or reject Staff's proposed Integrated Resource Planning ("IRP")
21 guidelines for flexible resource planning, which were included in the straw proposal and
22 reiterated in Staff's Opening Comments.¹⁵ The Company believes that the Commission

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25 ¹⁴ Initial Comments of NW Energy Coalition at 3.

26 ¹⁵ Staff Opening Comments at 13-14.

1 should reject Staff's proposed guidelines in favor of a more general guideline requiring the
2 consideration of EVs in the resource planning process.

3 Staff's Opening Comments state that "[s]ome optimistic estimates show EV
4 penetration up to 5% by 2020."¹⁶ Idaho Power agrees that this is an optimistic projection.
5 For the first time, Idaho Power is including an estimate of the impact of EV's in the load
6 forecast prepared for its 2011 IRP. In this forecast, EVs are expected to add 9 aMW to
7 Idaho Power's load by 2020, growing to 43 aMW in 2030. Neither of these amounts could
8 be considered material in the scope of the IRP planning process.

9 It is also important to note that EVs are included in the *load forecast* of the IRP—not
10 as providers of ancillary services.

11 As noted in the Company's Opening Comments, it is unclear at this time how EV's
12 can be used to provide ancillary services.¹⁷ This fact makes it difficult to determine how the
13 provision of EV services can be modeled in an IRP. While the Company is mindful of Staff's
14 desire to begin planning for the provision of ancillary services now, the biennial nature of the
15 IRP process affords ample time to incorporate the impact of EVs on utility operations as
16 those impacts become better defined and capable of being modeled. If Staff and others feel
17 compelled to include EVs in the IRP guidelines, Idaho Power believes it is more
18 advantageous to adopt a general guideline stating that utilities must address EVs in the IRP
19 planning process, as opposed to overly prescriptive requirements proposed by Staff. Thus,
20 Idaho Power reiterates that it believes it is premature at this time to reasonably estimate the
21 ability of EVs to provide ancillary services and the IRP guidelines should not be expanded to
22 include the referenced requirements.

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25 ¹⁶ *Id.* at 14.

26 ¹⁷ Opening Comments of Idaho Power Company at 17.

1 In addition to Staff's proposed IRP guidelines, the NW Energy Coalition also
2 proposes additional requirements for the IRP guidelines.¹⁸ As stated, Idaho Power believes
3 it is premature to incorporate these prescriptive requirements into the IRP planning process
4 given the technology necessary for EV to grid ancillary service benefits is still untested on a
5 utility scale. While the adoption rate of EVs will undoubtedly be higher in western Oregon
6 than in eastern Oregon or Idaho, these requirements will impact all utilities that must
7 prepare IRPs. Again, Idaho Power feels a less prescriptive approach in the IRP guidelines
8 would allow each utility to assess the impact of EVs in an appropriate manner given the
9 utility's projections of EV adoption rates.

10 **E. Planning and Reporting Guidelines**

11 Idaho Power is not currently involved in any of the EV pilot projects in Oregon and
12 therefore the Company believes that no additional planning or reporting guidelines are
13 needed at this time.

14 **F. Additional Guidelines**

15 The Company proposes no additional guidelines at this time.

16 **IV. CONCLUSION**

17 The Company appreciates the opportunity to submit these comments in response to
18 the bench request and opening comments filed by others in this docket. The Company

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26 ¹⁸ Initial Comments of the NW Energy Coalition at 4.

1 looks forward to additional workshops and comments as it works with other to resolve the
2 issues raised by the proliferation of EVs into the market.

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4 DATED: February 10, 2011.

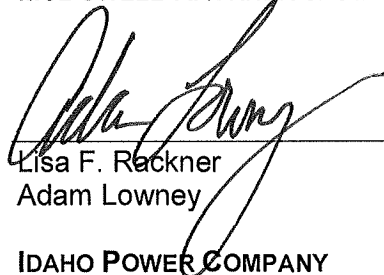
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