

ENTERED: SEP 03 2015

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1730

In the Matter of

IDAHO POWER COMPANY,

Application to Update Schedule 85
Qualifying Facility Information.

ORDER

DISPOSITION: APPLICATION FOR RECONSIDERATION DENIED

Idaho Power Company seeks reconsideration of Order No. 15-204, in which we adopted the Commission Staff's recommendation to approve the company's updated avoided cost payments for Qualifying Facilities (QFs). We deny the request.

I. INTRODUCTION

On May 1, 2015, Idaho Power filed an annual update to its standard avoided cost prices as required by Order No. 14-058. In its filing, the company included two separate sets of replacement pricing pages for its Schedule 85—one set of prices calculated using a resource capacity deficiency date of 2016, and the second set using a resource capacity deficiency date of 2021.

In its filing, Idaho Power noted that its 2013 Integrated Resource Plan (IRP) (the company's last acknowledged IRP) shows a capacity deficit in 2016. Idaho Power added, however, that it had recently filed three applications in docket UM 1725—one of which requested a change in the resource deficiency date from 2016 to 2021, based on its inclusion in its resource mix of 400 megawatts from demand response programs. Based on that application, Idaho Power requested approval of the 2021 capacity deficiency rates in this proceeding.

On June 15, 2015, Staff published its public meeting report regarding Idaho Power's filing. Noting that the company had not filed an update to its 2013 IRP to incorporate the demand response programs (that were restarted in the summer of 2014), Staff recommended that we adopt the proposed prices based on the 2016 deficiency period. Idaho Power did not file comments on Staff's report.

At our June 23, 2015 Public Meeting, we adopted Staff's recommendation in Order No. 15-204. Idaho Power did not present comments at the public meeting.

On July 8, 2015, Idaho Power filed an application for reconsideration of Order No. 15-204, asking us to “grant its application for reconsideration and issue an order either approving Idaho Power’s new avoided cost prices using the 2021 resource deficiency period or, alternatively, directing further study of the issue in Docket UM 1725.”¹ Staff and the Renewable Energy Coalition filed responses opposing Idaho Power’s application. Idaho Power filed a reply to those responses.

II. IDAHO POWER’S APPLICATION

Under OAR 860-001-0720 we may grant an application for reconsideration on various grounds, including whether there is “an error of law or fact in the order that is essential to the decision” ((3)(c)) or if there is “[g]ood cause for further examination of an issue essential to the decision.” ((3)(d)). Idaho Power argues that both of these grounds apply in this case.

Idaho Power argues that our use of the 2016 deficiency period to set prices in Order No. 15-204 was based on an error in fact. The alleged error in fact, the company claims, is our failure to recognize the implications for the sufficiency/deficiency demarcation of the results of the company’s demand response programs for 2014 and beyond. When those results are taken into account, Idaho Power contends the start of the deficiency period is deferred to 2021.

Idaho Power cites our decision acknowledging its 2013 IRP (Order No. 14-253) which included as an action plan item that the company should “have demand response capacity available to satisfy deficiencies up to approximately 170 MW beginning in 2014 and increasing as needed through 2017.”² According to Idaho Power, when its IRP load and resource balance is adjusted to account for the additional demand response capacity directed by the order, the company has a capacity sufficiency period until 2021 – “and it is reasonable for the Company’s avoided costs to reflect this fact.”³

Idaho Power acknowledges that, in Order No. 15-204, we adopted Staff’s position that Idaho Power had the option of filing an IRP update after its demand response programs were restarted in 2014 and had not done so. Had such an update been filed and acknowledged with the first year of deficiency of 2021, the May 1st filing would have been based on that later deficiency period starting date.

Idaho Power, however, challenges this line of reasoning. The company argues that there was no basis for it to file an IRP update—we had waived Idaho Power’s obligation to file a routine update, while noting that we expected that the company would file an update if it anticipated a significant deviation for its acknowledged IRP. The reinstitution of its demand response program was, according to Idaho Power, not a “significant deviation” because the acknowledged IRP specifically incorporated the demand response programs into the action plan. The change in capacity sufficiency/deficiency demarcation associated with the addition of 400 MW of demand response did not alter the company’s

¹ Idaho Power Application for Reconsideration at 9.

² *Id* at 5.

³ *Id* at 6.

IRP action plan, and thus did not rise to the level of requiring a separate proceeding to update the IRP.

Further, Idaho Power argues that it would have been impractical for the company to file an IRP update when it would be filing a new IRP only a few months later. The earliest it could have filed an IRP update would have been in the fall of 2014, while it was required to file a new IRP by June 2015. The company believes that we would not have welcomed an IRP update filing under those circumstances.

Regarding “good cause for further examination,” Idaho Power argues that our failure to update the capacity sufficiency period would result in significant customer harm because the company would be forced to enter into long-term, fixed price contracts at the higher avoided cost prices, based on the 2016 deficiency date. Such contracts would lock in initial capacity payments for the period of resource sufficiency.

Finally, Idaho Power claims that Order No. 15-204 contains a factual error—specifically the assumption that the proposed change to the capacity deficiency date represents a deviation from the acknowledged 2013 IRP. Idaho Power contends that, to the contrary, the proposed change is wholly consistent with the 2013 IRP. Regarding the factors that may be included in an update filing, Idaho Power argues that its proposed change was acknowledged in the actual IRP, obviating the need for an IRP update.

III. OPPOSITION

Staff and Renewable Energy Coalition (REC) oppose Idaho Power’s application. Staff argues that the company could have alerted us to the alleged error prior to our approval of the avoided cost prices. Whether 2016 or 2021 (or some other year) is correct is the issue raised by the company’s filing in docket UM 1725. In that docket the Administrative Law Judge has established an extended procedural schedule to allow parties to conduct discovery and file testimony and briefs. The parties argue that the Commission should not substitute the 15-day response period allowed for responses to applications for reconsideration for the full process contemplated in docket UM 1725.

Staff discounts Idaho Power’s claim of “good cause,” based on alleged ratepayer harm. Staff notes that we declined to grant Idaho Power’s request for a stay in docket UM 1725, and believes that ratepayer interests are adequately protected by the existing processes and that the potential for harm has been mitigated by the reduction in the eligibility cap for solar QFs from 10 MW to 3 MW.

REC contends that our decision to adopt Staff’s recommendation to retain the 2016 capacity deficit is consistent with Commission policy regarding the filing of annual avoided cost updates. REC notes that, in Order No. 14-058, we recognized that annual updates would not allow a utility to change their resource sufficiency or capacity deficit periods as part of an annual update unless such a change was included in an acknowledged IRP update.⁴ REC also notes that, as part of docket UM 1725,

⁴ Order No. 14-058 at 25 (Docket No. UM 1610, Feb 24, 2014).

we rejected Idaho Power's proposal to allow for an update of its capacity deficit on an interim basis in docket UM 1725. (Order No. 15-199).

IV. RESOLUTION

We deny Idaho Power's application for reconsideration. Idaho Power has not shown any error of fact or law in Order No. 15-204. Nor has the company shown good cause for reconsideration.

The alleged error of fact is the capacity deficiency determination made in Idaho Power's acknowledged 2013 IRP. The company argues that it was unnecessary that it apply to update that IRP because the specific demand response programs were included in the IRP plan. However, our policy specifically requires an **acknowledged** IRP update to permit a change in a utility's resource sufficiency periods as part of an annual update.

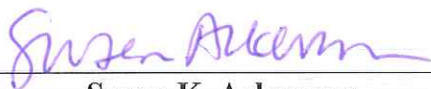
Whether that date should be changed is an issue in docket UM 1725, as noted by the parties. We have scheduled a full evidentiary proceeding in that docket to decide that question. That decision will be made on the record in that proceeding.

We cannot find "good cause" based on the pleadings of one party where there are many issues to be addressed and many interests to be balanced. Again, in docket UM 1725 we will have the benefit of a full record to make those judgments.

V. ORDER

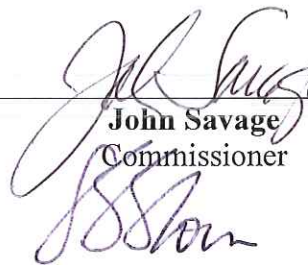
IT IS ORDERED that the application for reconsideration filed by Idaho Power Company is denied.

Made, entered, and effective SEP 03 2015.



Susan K. Ackerman
Chair





John Savage
Commissioner


Stephen M. Bloom
Commissioner

A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.