ORDER NO. 18 176

ENTERED MAY 23 2018

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 68

In the Matter of IDAHO POWER COMPANY, 2017 Integrated Resource Plan.	ORDER

DISPOSITION: 2017 IRP ACKNOWLEDGED WITH MODIFICATIONS AND EXCEPTIONS

This order memorializes our decision, made and effective at the April 10, 2018 Regular Public Meeting, concerning Idaho Power Company's 2017 Integrated Resource Plan (IRP). We acknowledge all but two of the action items proposed in Idaho Power's revised action plan. Although our acknowledgement includes Idaho Power's Boardman to Hemingway (B2H) related action items, we note that our acknowledgement is limited to our interpretation of IRP standards specific to the Public Utility Commission, and does not interpret or apply the standard of any other state or federal agency.

I. INTRODUCTION

The central feature of Idaho Power's 2017 IRP is the B2H project. The B2H project has been identified as part of the preferred resource portfolio in Idaho Power's 2009, 2011, 2013, and 2015 IRPs. Several groups formed to oppose this project and, along with many individual interested citizens, participated actively and constructively in this IRP process. Many groups and individuals are concerned about the land use and environmental impacts of B2H and share a preference for demand-side and distributed, clean energy alternatives to B2H. It is our view that the robust participation of citizen groups and individuals has supported a better and fuller understanding of the issues associated with the B2H project and other IRP issues. Although we acknowledge Idaho Power's selection of the B2H project as a least cost, least risk resource to meet the needs of its customers, we remain grateful for the hard work, dedication, knowledge, and passion of all stakeholders in this process.

II. IRP PROCESS

A. Purpose

The objective of the IRP is to ensure an adequate and reliable supply of energy at the least cost to the utility and customers in a manner consistent with the long-run public interest.[1] The IRP provides extensive opportunity for the provision of broad input from a range of stakeholders, and public participation and input is a central goal of the IRP. This input, along with IRP guideline requirements that ensure a detailed and wide-ranging review of resource options, technology advancements, pricing scenarios and risk profiles are intended to test the conclusions of the utility. The IRP process is intended to be iterative. Where weakness or issues are identified, stakeholder participation can help identify alternatives and improvements to the plan. Utilities should respond proactively to the concerns of stakeholders, and consider alternatives.

Ultimately, an acknowledged plan will become a working document for use by the utility, the Commission, and other interested parties in Commission proceedings.[2] We have noted in recent IRP decisions that during a time of considerable electric utility industry flux IRPs should serve to allow for course corrections as industry evolution comes into greater focus.[3]

B. Timing and Content

We require regulated energy utilities to prepare and file IRPs within two years of acknowledgement of the utility's last plan.[4] The IRP process uses a 20-year planning period. Oregon's IRP guidelines include thirteen elements. Summarized, the elements include the following key components:

- Identification of capacity and energy needs to bridge the gap between expected loads and resources
- Identification and estimated costs of all supply-side and demand-side resource options
- Construction of a representative set of resource portfolios
- Evaluation of the performance of the candidate portfolios over the range of identified risks and uncertainties

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[1] *In the Matter of the Investigation into Least-Cost Planning for Resource Acquisitions by Energy Utilities in Oregon*, Docket No. UM 180, Order No. 89-507 at 2 (Apr 20, 1989).
[2] *Id.* at 7.
[3] *In the Matter of Portland General Electric Company, 2016 Integrated Resource Plan, Docket No. LC 66,* Order No. 17-386 at 2 (Oct 9, 2017).
[4] OAR 860-027-0400(3).

- Selection of a portfolio that represents the best combination of cost and risk and risk for the utility and its customers
- Creation of an Action Plan that is consistent with the long-run public interest as expressed in Oregon and federal energy policies

The primary outcome of the IRP process is the selection of a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and the customers, that the Commission deems reasonable after the presentation of the plan and review by Staff and stakeholders.

C. Action Plan

An important product of the IRP process is an action plan. Where new resources are needed to meet system needs, the action plan will include these resource acquisitions. The action plan identifies the preferred portfolio of supply-side and demand-side resources to meet this need and identifies the steps the company will take within the next four years to deliver needed resources. Different resources require different steps to move forward with procurement. Transmission in particular requires more development lead time than other supply-side resources.

D. Acknowledgement

Our acknowledgement of an IRP means that the Commission finds that the utility's preferred portfolio is reasonable at the time of acknowledgement.[5] We may decline to acknowledge specific action items if we are not satisfied that the proposed resource decision presents the least cost and risk option for customers. We may provide the utility an opportunity to revise the IRP before issuing an acknowledgement order.[6]

Acknowledgment is not a guarantee of cost recovery, nor is consistency with an acknowledged plan a requirement for recovery of resource costs in rates. Acknowledgment provides guidance for later ratemaking proceedings, which are the forum for the Commission to make its ultimate decision to approve or disapprove a resource procurement as prudent and recoverable in customer rates. Consistency with an acknowledged plan may be used as evidence in support of favorable ratemaking treatment, but the utility still must demonstrate that its actions remained reasonable, particularly in light of any material changes in the facts, circumstances and assumptions that supported IRP acknowledgment.

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[5] *In the Matter of Public Utility Commission of Oregon, Investigation into Integrated Resource Planning* Requirements, Docket NO. UM 1056, Order No. 07-002 at 16 (Jan 8, 2007).
[6] OAR 860-027-0400(6).

III. IDAHO POWER'S 2017 IRP

A. Previous Idaho Power IRPs

As noted, Idaho Power's IRP process has consistently identified the B2H project as part of its preferred portfolio since 2009, and we have previously recognized action items related to the planning of B2H as reasonable and have encouraged the company to continue its efforts to move forward with the project. We declined to acknowledge construction of B2H once in the past, but did so solely because Idaho Power requested acknowledgement of planned construction activity outside of the four year action plan period.[7]

B. Projected Resource Needs and Portfolio Modeling

Idaho Power identifies summer peak capacity needs in the 2026 timeframe. The company has access to adequate capacity supply prior to this period. Load is expected to grow by an average of 0.09 percent annually, while peak capacity needs are expected to grow by 1.4 percent annually, according to the company.

For its 2017 IRP, Idaho Power utilized a "factorial design approach." This design was intended to inform the IRP's Action Plan with regard to Selective Catalytic Reduction equipment (SCR) investments for Jim Bridger units one and two, and review the B2H transmission line. The result of this approach was the development of twelve portfolio options, using four SCR investment scenarios for Jim Bridger and three resource portfolio constructions. The non-B2H alternatives included a natural gas generation portfolio and a natural gas and solar generation portfolio. Previous Idaho Power IRPs reviewed more portfolio options. In 2015, Idaho Power compared 23 resource portfolios.

C. Preferred Portfolio

Of the twelve portfolio options, Idaho Power concludes that portfolio seven provides the best combination of costs and risks for customers. This portfolio includes the following resources: B2H with an in service date in 2026, reciprocating engines in 2031 and 2032, a 300 MW CCCT in 2033, and reciprocating engines in 2035 and 2036. Due to the long lead-times associated with transmission line development, Idaho Power requests acknowledgement of B2H construction activity in its 2017 IRP to meet its 2026 capacity need.

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[7] *In the Matter of Idaho Power Company, 2013 Integrated Resource* Plan, Docket No. LC 58, Order No. 14-253 at 5 (Jul 8, 2014).

1. Transmission

The B2H Transmission project involves permitting, constructing, operating, and maintaining a new single-circuit 500-kV transmission line approximately 300 miles long between the proposed Longhorn Station near Boardman, Oregon, and the existing Hemingway Substation in southwest Idaho. Idaho Power states that this project will provide the lowest cost, lowest risk capacity resource to meet identified needs commencing in 2026. Idaho Power plans to meet capacity needs through market purchases facilitated by the development of the line.

Idaho Power also plans to conduct ongoing permitting, planning studies and regulatory filings for the Gateway West transmission project. Gateway West is a joint project between Idaho Power and PacifiCorp to build and operate new transmission lines running from the planned Windstar substation in Wyoming to the Hemingway substation in Idaho. The line is in the permitting stage, and Idaho Power characterizes Gateway West as complementary to the B2H project.

2. Coal

Idaho Power owns 50 percent, or 284 MW, of the North Valmy coal-fired power plant in Nevada. NV Energy is the operator of the facility and owns the other 50 percent. The plant has two units. Idaho Power plans to exit its share of North Valmy Unit 1 at year-end 2019. Idaho Power identified likely economic benefits associated with a 2019 shutdown of Unit 1 as opposed to the 2025 shutdown date planned in the 2015 IRP. North Valmy units are assumed to be replaced with market purchases imported across the Idaho-Nevada path. Idaho Power plans to exit its share of North Valmy Unit 2 at year-end 2025.

Idaho Power owns one-third (771 MW) of the Jim Bridger coal-fired power plant. PacifiCorp owns two-thirds of the facility and is its operator. The company proposes Jim Bridger unit 1 and 2 retirements at year-end 2028 and year-end 2032, respectively, provided it obtains regulatory approvals allowing it to continue operation without installing SCRs. Previous IRPs had called for the evaluation of SCRs at the units. Idaho Power proposes to work with a variety of regulators and the co-owners of the facility to achieve these retirement dates without SCR installation.

Idaho Power owns 10 percent, of 64.2 MW of the Boardman coal-fired power plant. Portland General Electric (PGE) owns 90 percent of the facility and is its operator. Idaho Power plans to coordinate with PGE to achieve cessation of coal-fired operations at the Boardman coal plant by year-end 2020 and subsequent decommissioning and demolition of the unit. PGE has reached an agreement with Oregon Department of Environmental

Quality and the Environmental Protection Agency to cease coal-fired operations at the facility.

3. Demand Side Management

Idaho Power will continue the pursuit of what it has identified as cost-effective energy efficiency and demand response resources. By 2036, Idaho Power plans to acquire 390 MW of committed peak summer capacity through demand response and expects a reduction in annual loads from energy efficiency of 273 MWa. Energy efficiency is expected to reduce peak load by 483 MW by 2036. The company states that demand-side resources are the first selected resource in each IRP, and the no supply-side generation resource is considered until all future cost-effective, achievable potential energy efficiency and forecasted demand response is accounted for and credited against future loads. Long-term savings estimates declined between the 2015 and 2017 IRPs, due to an anticipated drop in residential savings.

4. Natural Gas

The preferred portfolio includes several natural gas resource additions later in the planning period. Portfolio seven includes the acquisition of 36 MW reciprocating engines in 2031 and 2032, one 300 MW Combined-Cycle Combustion Turbine (CCCT) addition in 2033, and 36 MW reciprocating engines in 2035 and 2036.

IV. DISCUSSION

We focus our discussion on Idaho Power's proposed action items and one other issue, a waiver request from Idaho Power. For each issue, we describe the action item, briefly summarize some intervenors' comments, and explain our resolution. Idaho Power's proposed action plan identifies steps to be taken within the next four years.

Idaho Power's action plan includes pursuit of cost-effective energy efficiency in conjunction with stakeholder and regional groups, preparation for participation in the western Energy Imbalance Market (EIM) beginning in April 2018, involvement as a stakeholder in CAA Section 111(d) proceedings or alternative regulations constraining carbon emissions, early retirement of Valmy units 1 and 2, early retirement for Jim Bridger units 1 and 2, and investigation of solar PV contribution to peak using loss of load probability (LOLP) analysis for use in the 2019 IRP. The B2H short-term action plan is 2017 to 2026. All other action plan items are in the 2017 to 2021 timeframe.

Idaho Power has also requested a waiver of IRP guideline 3(f), which would relieve the company of the obligation to file an IRP update within one year of IRP acknowledgement.

A. B2H Transmission Project

The B2H project incorporates action items five and six, in which Idaho Power plans to conduct ongoing permitting, planning studies, and regulatory filings for the B2H transmission line and conduct preliminary construction activities, acquire long-lead materials (action item five), and construct the B2H project (action item six).

1. Comments

According to Staff, B2H has been demonstrated to show important regional benefits and is part of the lowest cost, lowest risk portfolio of resources. Staff considers that in several prior IRPs, Commission Staff performed analysis of the need and justification for the transmission line. Staff notes that the Commission has found the project reasonable in numerous past IRP decisions.

Initially, Staff considered B2H to be inadequately supported by the filed IRP. In response, Idaho Power assembled and submitted Appendix D which focused largely on the B2H project. Staff found that Appendix D delivered a thorough account of the history of the B2H project, the associated reliability and capacity benefits, a detailed account of public participation, and other important material. Staff considered Appendix D to be a responsive and persuasive submission by the company that helped Staff ultimately support acknowledgement of B2H.

The Stop B2H Coalition (Stop B2H) argues that Idaho Power already has sufficient transmission capacity and that the line is not needed for transmission purposes. Stop B2H asserts that transmission should not be treated as a generation resource, and that transmission is less reliable and flexible than other resources because it relies on market purchases. Idaho Power and Staff contend the opposite; that B2H will provide the flexibility to purchase power in many different time frames (years, months, a day, an hour, or within the hour). Idaho Power states that B2H will allow more flexibility to access various generation, including newer renewable resources. Staff and Idaho Power agree that our IRP guidelines as written do encourage the consideration of transmission as a supply resource.

Stop B2H presents a series of arguments asserting that the cost of B2H is likely to be much higher than outlined by the company and the benefits far less extensive. Stop B2H argues that market purchases are a poor strategy for meeting capacity needs. Staff and the

company identify this reliance on market as a strength. Staff believes that one of the central merits of the B2H proposal is that is connects a major power hub (the Mid-C market), which Staff contends is highly liquid, to loads in the Intermountain West.

All stakeholders recognize that Idaho Power has been open and welcoming of public comment and participation throughout this IRP process, and in the many public forums in which B2H was discussed and considered. In its Appendix D to the IRP, Idaho Power highlights that it has participated in over 250 public and stakeholder meetings on the project, with an estimated attendance of over 3,000 people.

Commission Staff states that it has participated in forums and events on B2H with interested members of the public. Commission Staff notes that it was involved in the Commission open houses that occurred in Malheur and Baker Counties, dating back to 2009, and at which the B2H project was discussed with citizens.

Staff points out that the B2H project has been included in numerous regional studies by the Northern Tier Transmission Group, the Western Electricity Coordinating Council (WECC), Columbia Grid, and others. Staff highlights that B2H has been listed as a "Foundational Transmission Project" by WECC's Subregional Planning Group, a committee formed to create interconnection-wide transmission plans for western interconnection. Idaho Power contends that B2H is required for both its west-to-east and east-to-west capacity to meet regional needs.

Stakeholders have repeatedly referenced risks related to Idaho Power's minority share of the capacity of the line and the need for significant participation from other utilities to construct the project. Idaho Power responds that it has an active permitting agreement with its current co-participants. Idaho Power also stated that, should a co-participant drop out, Idaho Power would evaluate other potential partnerships and, if necessary, reevaluate its own participation in the project. ODOE notes that the Energy Facility Siting Council (EFSC) siting process includes risk safeguards for construction and non-performance of partners. Before Idaho Power can begin construction of B2H, it must obtain a Site Certificate from EFSC.

The Lewis and Clark Trail Heritage Foundation asserts that B2H does not adequately protect natural, cultural, and historic resources. Gail Carbiener also argues that the B2H project will disrupt and harm the Oregon Trail. Idaho Power states that trail impacts will be appropriately considered as part of the EFSC siting process, and that B2H will work to minimize trail impacts. Staff believes that Idaho Power has reasonably sought to address landowner concerns and worked with the BLM towards a feasible route minimizing impacts to communities, the Oregon Trail, and public and private land.

Citizens Advocating for Common Sense state that ODOE's processes are too industry friendly and strongly opposes acknowledgement. In addition to formal filed comments, many informal comments were submitted to Staff and the Commission. These comments almost uniformly expressed strong opposition to the construction of the B2H project. Many argue that reliance on traditional resources like large-scale transmission is counter to significant changes in the utility industry, and that distributed resources and other solutions should be prioritized over larger, more centralized resources. Along these lines, some comments urge delay of acknowledgement to the 2019 IRP. Idaho Power states that acknowledgement cannot be delayed, if the project is to move forward with permitting expeditiously and be constructed in time to help the company meet the anticipated 2026 capacity shortfall.

Several parties, including Staff, present objections to Idaho Power's chosen factorial modeling. Like these other parties, CUB objects to Idaho Power's failure to use a capacity expansion model, but does not object to Idaho Power's selection of portfolios including B2H.

Staff asserts that B2H presents a unique case because Idaho Power's analysis of B2H as a least cost, least risk resource to meet customer needs identified in this IRP is also supported by the extensive vetting of the project in prior years and the regional benefits that are associated with it. Rather than locking in costs, Staff sees the resource as flexible, allowing market power purchases without committing to a single technology and remaining flexible to accommodate future changes in technology. Staff argues that while not ideal, the portfolio analysis presented by Idaho Power is sufficient to determine that portfolio seven represents the best combination of costs and risk of the twelve analyzed.

2. Resolution

We acknowledge B2H Action Item 5 to conduct ongoing permitting, planning studies, and regulatory filings for the B2H transmission line, as well as Action Item 6 to conduct preliminary construction activities, acquire long-lead materials, and construct the B2H project. We clarify that this determination is limited to our IRP standards and that, in acknowledging these action items, we do not interpret or apply the standards of any other state or federal agency. Through our acknowledgement we find that these action items are reasonable components of Idaho Power's resource plan based on the information available at this time.

Our acknowledgement of Action Item 6 is based on our finding of its reasonableness, according to the information we possess today, in the context of Idaho Power's entire IRP. Our decision does not mean that Action Item 6 is the only possible option for meeting Idaho Power's resource needs, simply means that we are satisfied that it is the

least cost, least risk resource for meeting the demonstrated resource needs of Idaho Power's customers. We recognize that there may be other ways of meeting the capacity needs identified in this IRP that may not have the same impacts to eastern Oregon as B2H. In this proceeding, however, we do not find that any such alternatives have been demonstrated to be lower cost and lower risk, based on the information presented.

Our acknowledgement of Action Item 6 is not a final determination of prudence and does not guarantee favorable ratemaking treatment. The IRP process is designed to provide the utility with guidance from Staff, stakeholders, and the Commission based on the utility's submitted plan. We have long held that consistency with an acknowledged plan may be evidence in support of favorable ratemaking treatment, but the utility still must demonstrate that its actions remained reasonable, particularly in light of any material changes in the facts, circumstances and assumptions that supported IRP acknowledgment.

We are encouraged by the extensive participation of citizens in this case, many of which are motivated by sincere concerns over impacts to the land which will be created by this project. We are bound by state laws and legal precedent that directs us to exclude from our inquiry many of these concerns, however, and we note that energy facility siting impact issues are appropriately reviewed in other state or federal proceedings.

Our decision is supported by the fact that B2H has been prioritized over multiple portfolios in different IRPs using numerous different modeling concepts and reflecting many different assumptions. While presence in numerous IRPs is not determinative for our acknowledgement judgement, it is indicative to us of sustained value that has remained robust across industry and market changes to date. In each of these portfolios, B2H has proven to be a low-cost resource that provides considerable value to the system. While we are sensitive to the arguments that the utility industry is in flux, and that technological changes are impacting the system in unanticipated ways, we have not seen information presented as part of this IRP process indicating that large-scale transmission resources will not be an important part of future utility systems. We recognize that B2H has the potential to create significant regional benefits and could represent a tool for allocating and moving a diverse set of new low-carbon resources across the west.

Transmission must be developed with very long lead times. Because circumstances may change in the future, and new information may be presented at a later date, the ultimate development of the B2H project is not a foregone conclusion. We agree with Staff that a host of changed circumstances could require Idaho Power to reevaluate its course, including but not limited to significant changes in co-participant shares and commitments, project costs, load needs, power market liquidity and depth, and capabilities and costs of alternative technologies. Idaho Power should be prepared for

such reevaluation and to change course should such information or circumstances emerge.

Based on what we know today, however, we find that the plan to construct the B2H project is reasonable and should be acknowledged subject to the conditions outlined in Staff's memo.

B. Gateway West

Action Item 8 concerns Gateway West. Idaho Power plans to conduct ongoing permitting, planning studies, and regulatory filings.

Staff recommends acknowledgement of this action item, but notes that it is important for the Commission to understand how the Gateway West series of projects relate to the B2H project. Staff recommends that the company update the Commission on the status of Gateway West beyond what has been presented in the 2017 IRP.

We acknowledge Action Item 8, and adopt Staff's recommendation.

C. North Valmy Unit 1

With Action Item 3, Idaho Power includes a commitment to plan and coordinate with NV Energy an exit from coal-fired operations of North Valmy Unit 1 by year-end 2019. Idaho Power also plans to assess import dependability from Northern Nevada.

Staff and Sierra Club recommend acknowledging this action item. Throughout the comment period, Staff had several requests for clarification on the analysis and rationale behind the decision to exit North Valmy Unit 1 in 2019. Idaho Power responded to these requests, explaining the status of its exit negotiations.

We acknowledge this action item.

D. North Valmy Unit 2

In Action Item 11, Idaho Power communicates its plans to coordinate with NV Energy the company's exit from coal-fired operations of North Valmy Unit 2 by year-end 2025. This retirement date is consistent with Idaho Power's 2015 IRP. In November of 2016, Idaho Power requested, and we approved, the accelerated depreciation of both Valmy units with a corresponding increase in rates.

We adopt Staff's recommendation to acknowledge this action item.

E. Jim Bridger

With Action Item 4, Idaho Power will plan and negotiate with PacifiCorp and regulators to achieve early retirement dates of year-end 2028 for Jim Bridger Unit 2 and year-end 2032 for Jim Bridger Unit 1.

1. Comments

Staff recommends against acknowledgement of this action item. Staff notes that the company considered a 2023 Jim Bridger retirement date in its 2015 IRP, and that this retirement date was not part of any 2017 IRP analysis. Staff also argues that the company has not demonstrated that its plan to not install SCRs at the facilities in 2021 and 2022 is feasible.

Sierra Club also opposes acknowledgement, and argues that there is a lack of discussion and analysis of the economic status of the Jim Bridger plants, and that operation until 2028 and 2032 without SCR represents an illegal plan under current regulatory requirements. Sierra Club recommends that Idaho Power economically model alternative retirement dates.

ODOE recommends the company take a deeper look at carbon price increases as part of the 2019 IRP. Sierra Club also argues that the company must install SCRs by 2021-2022 or shut the facilities down.

CUB is not certain Idaho Power's chosen Bridger retirement date is the least-cost option, because the differences in the cost of portfolios with earlier retirement dates are not statistically significant.

Idaho Power responds that the chosen retirement dates are consistent with those adopted by the majority owner, PacifiCorp. Idaho Power sees its decision not to install SCRs as consistent with its stated objective to transition away from coal-fired resources. Idaho Power asserts that it will not agree to any operational plan for the facility that is illegal, and that it will work with the appropriate regulators to pursue the action item as outlined in the IRP.

2. Discussion

We decline to acknowledge this action item. We agree with Staff and other stakeholders that Idaho Power has not demonstrated that the retirement dates outlined in the action plan are supported by sufficiently robust or compelling economic analysis. In addition,

although we do not expect Idaho Power to provide information at the level necessary to secure environmental regulatory approvals, we do expect a better demonstration that the company has a viable path forward under currently applicable emission control regulations. The paucity of information on the alternative paths forward is particularly concerning because, under current regulations, installation of SCR is required within the four-year action plan window for this IRP.

F. Boardman

Action Item 7 commits Idaho Power to continue to coordinate with Portland General Electric (PGE) to achieve cessation of coal-fired operations at the Boardman coal plant by year-end 2020 and the subsequent decommissioning and demolition of the unit. Staff recommends acknowledgement of this action item, noting that it is consistent with previous Commission orders that allow early closure of the Boardman coal plant.

We acknowledge this action item.

G. Demand Side Management

With Action Item 9, Idaho Power proposes to continue the pursuit of cost-effective energy efficiency.

Staff recommends acknowledgement of this action item with conditions that Idaho Power undertake greater studies of residential savings opportunities and update its transmission and distribution system deferral calculations. Stop B2H argues that Idaho Power has achieved less energy efficiency than other utilities, and argues that the company could do significantly more to achieve demand reduction through more investment in energy efficiency. Stop B2H argues that reductions in peak demand brought on through increased energy efficiency could obviate the near-term need for new transmission facilities. Stop B2H contends that Idaho Power should act to deploy advanced metering infrastructure. Sierra Club argues that Idaho Power's energy efficiency potential is understated, because it's planning uses achievable potential, and Idaho Power has historically out-performed those achievable potential estimates.

We acknowledge Action Item 9, and adopt Staff's recommended conditions.

H. EIM

Idaho Power has begun participating in the EIM effective April 2018, and the company requests acknowledgement of this activity through Action Item 1.

Staff does not recommend acknowledgement of this action item. Staff states that it is not appropriately included as an action item, and add that the company did not provide an adequate discussion of costs, risks and value of EIM participation. Idaho states that it included EIM participation in its action plan for informational purposes only.

We view this action item as informational only and therefore decline to acknowledge it.

I. Solar Investigation

Idaho Power's calculated contribution to peak of solar energy has been derived from a settlement in docket UM 1719. That docket required the company to conduct a loss-of-load study, which the company expects to complete in the near term.

Staff recommends acknowledgement of this action item.

We acknowledge this action item.

J. Stakeholder Engagement in CAA 111(d) Proceedings

With Action Item 10, Idaho Power seeks to develop other ways in which carbon policy risk can be addressed in its IRP process, and plans to stay engaged as an active stakeholder in CAA 111(d) proceedings.

Staff recommends acknowledgement of this action item. Staff recommends that the company develop a report for the next IRP to assess the risks that climate change presents to the company and its customers.

We acknowledge this action item, and request that Idaho Power include as part of its 2019 IRP a report describing the risks to the company and its customers associated with climate change.

K. Request for Waiver

As part of its final comments, Idaho Power requests a waiver from IRP guideline 3(f). IRP guideline 3(f) requires an annual update on a utility's most recently acknowledged plan on or before the acknowledgement order anniversary date. Idaho Power requests a waiver of this filing requirement because the update will likely be due concurrent with or a month prior to the filing of the 2019 IRP. Staff recommends against granting this waiver in its report, but at the April 10 Regular Public Meeting agreed with Idaho Power on the waiver request with the expectation that Idaho Power would file a report on key information prior to the filing of the 2019 IRP.

We grant Idaho Power's request for a waiver of IRP guideline 3(f), but require that five months prior to the filing of the 2019 IRP, Idaho Power file a report in this docket providing the following information:

- A comprehensive update of the B2H project.
- Information about the planned gas price forecast for the 2019 IRP, and any appropriate updates on the natural gas price forecast.
- A discussion of portfolio modeling options and preferences for the 2019 IRP.
- An update on Jim Bridger environmental control developments and options.
- Updates as requested by Staff.

Several stakeholders commented on Idaho Power's gas price forecast, arguing that it ultimately led to an estimate of forward gas prices that are unreasonably low. We have ordered that Idaho Power provide updated, detailed information on its gas price forecast as part of the 2019 IRP. Idaho Power sufficiently demonstrated that sensitivities associated with its gas price forecast did not affect its portfolio selection, and we do not in this order make a determination as to whether or not the IRP gas price forecast is reasonable.

V. ORDER

IT IS ORDERED that:

The Integrated Resource Plan filed by Idaho Power is acknowledged as described with the terms of this order and the attached Appendix A.

Made, entered, and effective MAY 23 2018.

Lisa D. Hardie
Chair

Stephen M. Bloom
Commissioner

Megan W. Decker
Commissioner

Appendix A

Acknowledged Action Items with Modifications

Action Items 5 and 6 (Boardman to Hemingway)

- 5 – Conduct ongoing permitting, planning studies, and regulatory filings.
- 6 – Conduct preliminary construction activities, acquire long-lead materials, and construct the B2H project.

Action Item 8 (Gateway West)

- 8 – Conduct ongoing permitting, planning studies, and regulatory filings.

Modifications:

  - Idaho Power should provide additional information to the Commission on an ongoing basis on Energy Gateway's progress, Idaho Power's inclusion of it as a least-cost/least risk portfolio, the status of co-participants and Energy Gateway's role in the IRP.

Action Items 3 and 11 (North Valmy Units 1 and 2, respectively)

- 3 – Plan and coordinate with NV Energy Idaho Power's exit from coal-fired operations by year-end 2019. Assess import dependability from northern Nevada.
- 11 – Plan and coordinate with NV Energy Idaho Power's exit from coal-fired operations by year-end 2025.

Action Item 7 (Boardman)

- Continue to coordinate with PGE to achieve cessation of coal-fired operations by year-end 2020 and the subsequent decommission and demolition of the unit.

Action Item 9 (Energy efficiency)

- Continue the pursuit of cost-effective energy efficiency.

Modifications:

  - In its 2019 IRP Idaho Power will report on future expanded energy efficiency opportunities and improvements to its avoided cost methodology.

Action Item 2 (Loss-of-load and solar contribution to peak)

- Investigate solar PV contribution to peak and loss-of-load probability analysis.

Action Item 10 (Carbon emission regulations)

- Continue stakeholder involvement in CAA Section 111(d) proceedings, or alternative regulations affecting carbon emissions.

Modifications:

  - Idaho Power will provide a report as part of its 2019 IRP filing describing the risks to the company and its customers associated with climate change.