BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1730

In the Matter of IDAHO POWER COMPANY, Application to Update Schedule 85 Qualifying Facility Information	COMMENTS OF THE COMMUNITY RENEWABLE ENERGY ASSOCIATION AND THE RENEWABLE ENERGY COALITION REDACTED

I. INTRODUCTION

The Community Renewable Energy Association ("CREA") and the Renewable Energy Coalition ("Coalition") (collectively, the "QF Trade Associations") file these comments regarding Idaho Power Company's ("Idaho Power" or the "Company") application to update its Schedule 85 qualifying facility ("QF") information. In addition to proposing to update gas and electricity markets as authorized in OAR 860-029-0085(4)(a), Idaho Power also proposes to make an out-of-cycle update to the capacity deficiency date. While Idaho Power's current pricing uses an inaccurate capacity deficiency date, the effect of the proposed out-of-cycle update to the capacity deficiency date appears to be to offer lower pricing to QFs, not higher, because market prices that would be offered during a longer sufficiency period appear to be higher than Idaho Power's proposed deficiency period pricing.

The QF Trade Associations do not oppose allowing Idaho Power's proposed pricing to go into effect, including the out-of-cycle update to the capacity deficiency date. However, the QF Trade Associations offer these comments to flag methodological concerns for the Commission's consideration in this or a future docket. This filing is the

latest example in how the current sufficiency-deficiency policy is flawed and needs correction. For hydro, biomass and existing projects, Oregon has less attractive QF policies than Idaho. The state of Idaho has made policy decisions to better ensure that those types of resources can become operational and continue to operate. For example, Idaho offers a full 20-year fixed price term for those types of QFs and significantly higher pricing for some QFs than Oregon does, especially for hydro QFs and existing QFs, a fact which is illustrated by Idaho Power's application.

Further, the gas prices underlying Idaho Power's proposed Oregon rates are [redacted], and in fact are [redacted] than the publicly available data used by Idaho Public Utilities Commission ("IPUC") Staff from the Energy Information Administration ("EIA"). The QF Trade Associations look forward to an opportunity to engage on these methodological concerns, but understand that the Commission may prefer not to take them up in this proceeding.

II. COMMENTS

A. The Capacity-Deficiency Methodology is Flawed

Idaho Power proposes to make an out-of-cycle update to reflect its updated analysis concerning its deficiency date.[1] The effect of this change appears to be reduced pricing for QFs. While sufficiency period pricing has drastically increased in this filing due to near-term increases in market electricity prices, Idaho Power's proposed deficiency pricing for its Oregon avoided cost rates has only increased modestly or even

[1] Idaho Power's 2022 Annual May Update of Avoided Cost Rates at 2 (Apr. 26, 2022).

decreased.[2] In past years, when sufficiency period pricing was low and deficiency period pricing high, Idaho Power made avoided cost filings with a late sufficiency-deficiency period demarcation, even when it had a large capacity shortfall. Now that sufficiency period pricing is high and deficiency period pricing low, Idaho Power has requested an out-of-cycle update to make the capacity deficiency date 2023 even though its most recently approved Integrated Resource Plan incorrectly identifies 2028 as the time it will be capacity deficient.[3]

While the Joint QF Parties agree that Idaho Power is capacity deficient today (as reflected in its ongoing acquisitions of new generation resources), the methodology in its avoided cost pricing results in lower pricing, not higher. This is an absurd result and demonstrates the need to reform the methodology. The Renewable Energy Coalition raised this concern when Idaho Power sought a waiver of the competitive procurement rules and is not repeating those arguments in full.[4]

To illustrate the effects of this policy, the QF Trade Associations provide the following illustration of how pricing compares across Oregon and Idaho for existing hydro QFs. The states have similar policies concerning contract term lengths and eligibility for standard contracts and prices of hydro QFs, making this the most apt

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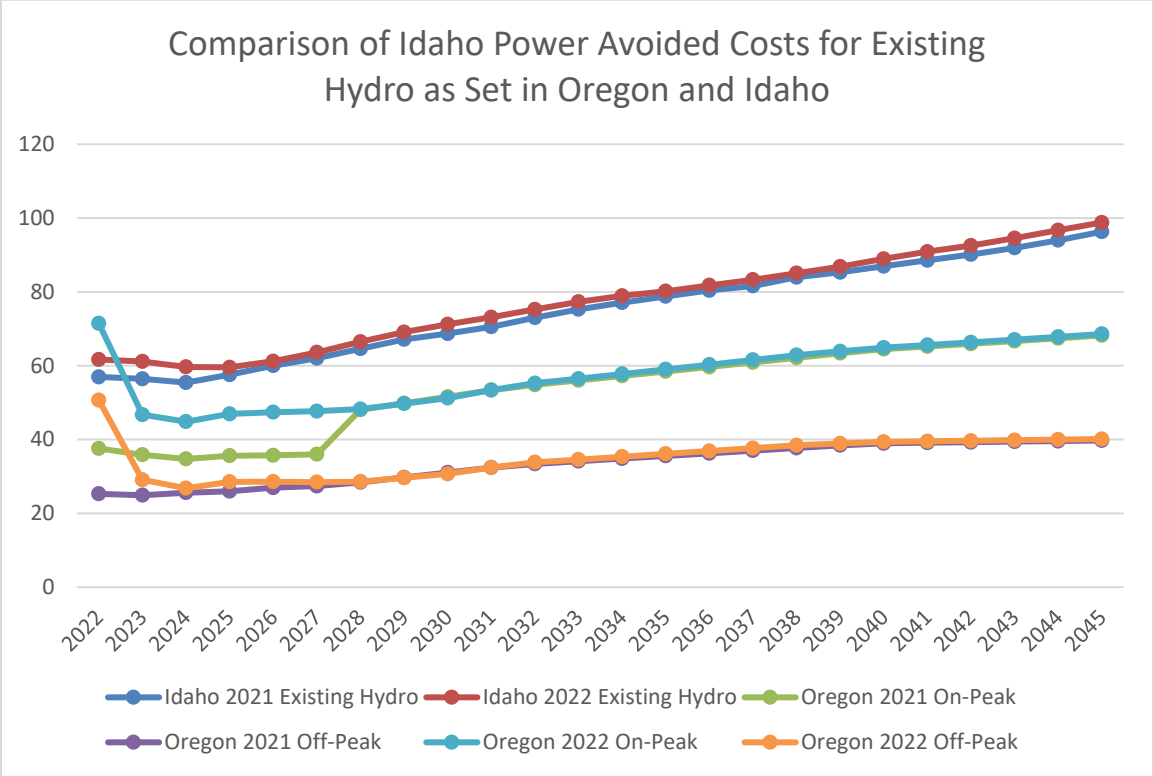
2 *E.g.*, Idaho Power's 2022 Annual May Update of Avoided Cost Rates at 6-8 (showing increases in 2022 of roughly double the current pricing, compared to changes in deficiency pricing of no more than roughly a third of current pricing).

3 *See generally In re Idaho Power Company's Application for Approval of the Capacity Deficiency To Be Utilized for Avoided Cost Calculations*, IPUC Case No. IPC-E-21-09, Order No. 35415 at 3 (May 25, 2022).

4 *In re Idaho Power Application for Waiver of Competitive Bidding Rules*, Docket No. UM 2210, Renewable Energy Coalition's Comments (Mar. 7, 2022).

comparison.[5] The below chart shows a comparison between Idaho Power's non-seasonal hydropower pricing in Idaho and in the baseload rates offered to the same type of hydropower QFs in Oregon.



It shows that in nearly all years Idaho pricing is substantially higher than Oregon *on-peak* pricing. The same chart also demonstrates the comparison flagged earlier – pricing increases drastically in 2022 but has a much more modest increase in the years 2023-2027. Absent Idaho Power's change in its deficiency date, the years 2023-2027 would likely see a more significant increase. Notably, this graph does not include the "seasonal" hydropower rates that are significantly higher than even the Idaho non-

[5] Oregon offers standard pricing to baseload QFs 10 MW and smaller, while Idaho Power offers standard pricing to the same QFs that are 10 aMW and smaller. Both states offer contracts for up to 20 years, although Oregon only offers a fixed price for the first 15 years.

seasonal hydropower rates and are offered to hydropower projects in Idaho that generate the majority of their output in the high peak irrigation months.

B. Idaho Power's Gas Forecast Is [redacted]

The QF Trade Associations are concerned that Idaho Power's gas forecast is [redacted] given current market conditions. However, the QF Trade Associations do not oppose incorporating these updates into Idaho Power's current pricing even though more accurate and current price estimates are likely warranted because we understand the Commission has allowed the Oregon utilities to use their own proprietary gas price forecasts instead of publicly available and independently produced forecasts.

Still, the Commission should take note that allowing the utilities to generate their own internal gas forecasts has a resulted in a [redacted] gas forecast for QFs selling to Idaho Power in Oregon than that used in Idaho. IPUC Staff calculate avoided cost pricing in Idaho using a publicly available gas forecast independently produced by the EIA. The EIA report that provides this forecast was released on March 3, 2022, roughly one month after Idaho Power's internally procured forecast.[6] The following table compares this EIA data set (the Nominal Price by Year in $ per MMBtu), with the confidential data in Idaho Power's workpapers, specifically the numbers in the spreadsheet [redacted] in the column [redacted]

[6] *Compare In re Generic--Application To Update Inputs To Surrogate Avoided Resource (Sar) Method Avoided Cost Rates*, IPUC Case No. GNR-E-22-01, Avoided Cost Model Order No. XXXX Ver XXXX, 2022 IPCO Capacity Deficiency Update.xlsm at spreadsheet "AVOID NEW" *with* Idaho Power's Application to Update Schedule 85, QF Information Presentation at 5 (June 8, 2022).

[redacted]. The EIA data is [redacted]

[redacted].

Year	EIA (IPUC Approved) (nominal) ($/MMBtu)[7]	Idaho Power (OPUC Proposed) (nominal) ($/MMBtu)[8]
2023	4.24	[redacted]
2024	3.96	
2025	3.88	
2026	4.05	
2027	4.32	
2028	4.65	
2029	4.95	
2030	5.18	
2031	5.37	
2032	5.59	
2033	5.81	
2034	5.96	
2035	6.06	
2036	6.20	
2037	6.34	
2038	6.50	

[7] EIA's Annual Energy Outlook 2022, Energy Prices: Nominal: Electric Power: Natural Gas, available at: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=3-AEO2022&region=1-8&cases=ref2022; *see also In re Generic--Application To Update Inputs To Surrogate Avoided Resource (Sar) Method Avoided Cost Rates*, IPUC Case No. GNR-E-22-01, Avoided Cost Model Order No. XXXX Ver XXXX, 2022 IPCO Capacity Deficiency Update.xlsm at spreadsheet "AVOID NEW."

[8] Idaho Power's Oregon Schedule 85 Confidential Work Papers [redacted].

2039	6.67	[redacted]
2040	6.88	

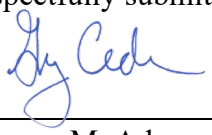
Again, the QF Trade Associations are not opposing Idaho Power's proposed updates, but they are concerned that the gas forecast is outdated and not reflective of the more current market data.

III. CONCLUSION

For the reasons stated above, the QF Trade Associations do not oppose Idaho Power's pricing as filed but encourage the Commission to consider the methodological concerns discussed herein.

Dated this 23rd day of June 2022.

Respectfully submitted,



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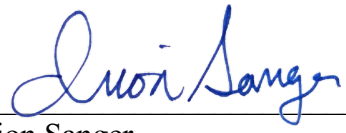

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