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July 1, 2020

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket LC 74 – Idaho Power Company’s 2019 Integrated Resource Plan (“IRP”)

Attached for filing in the above-captioned docket is Idaho Power Company’s Motion to Suspend the Procedural Schedule and Update regarding the Boardman to Hemingway Transmission Line Project.

Please contact this office with any questions.

Thank you,

Alisha Till
Paralegal

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 74

In the Matter of

IDAHO POWER COMPANY

2019 Integrated Resource Plan

MOTION TO SUSPEND PROCEDURAL
SCHEDULE

AND

UPDATE REGARDING BOARDMAN
TO HEMINGWAY TRANSMISSION
LINE PROJECT

1 Pursuant to OAR 860-001-0420, Idaho Power Company (Idaho Power or Company)
2 submits this Motion to Suspend the Procedural Schedule in the above-captioned case. Idaho
3 Power seeks this suspension to allow time for Idaho Power to conduct a comprehensive review
4 of the Company's Integrated Resource Plan (IRP) modeling. As described in more detail below,
5 Idaho Power has experienced complications in its efforts to implement a new modeling approach
6 in this proceeding. While Idaho Power has previously amended the initial filing, and has provided
7 further corrections and revisions, the Company has identified additional issues that require
8 additional diligence to ensure accuracy of certain aspects of the IRP analysis. For this reason,
9 Idaho Power has initiated a systematic audit of the Company's IRP modeling, under the oversight
10 of Idaho Power's internal audit division, to ensure the reliability of the IRP results. Idaho Power
11 commits to concluding this audit and proposing a revised procedural schedule in this proceeding
12 by no later than July 31, 2020. Idaho Power has consulted with Staff (Staff) of the Public Utility
13 Commission of Oregon (Commission) and they do not oppose the Company's requested
14 suspension.

15 In addition, Idaho Power wishes to provide an informational update related to the
16 Boardman to Hemingway 500-kilovolt transmission line project (B2H). The B2H co-participants
17 are exploring several scenarios of asset and service arrangements aimed at maximizing the value

1 of the project to each of the co-participants' customers. Those negotiations are ongoing, and
2 Idaho Power expects those discussions to continue for the foreseeable future. However, as part
3 of the negotiations, the B2H co-participants are exploring a potential change in the project's
4 ownership arrangement, whereby Idaho Power would acquire Bonneville Power Administration's
5 (BPA) ownership share and provide transmission service to BPA's southeast Idaho customers.
6 Because this ownership arrangement would include a commitment by BPA to fund the
7 incremental cost of Idaho Power's increased ownership percentage through a long-term purchase
8 agreement, the 21 percent ownership percentage assumed in the Amended 2019 IRP continues
9 to provide a reasonable basis for least-cost, least-risk planning for the time being. While the
10 negotiations are still in an exploratory stage, Idaho Power is providing this update at this time
11 because BPA plans to discuss the possible ownership arrangement with its southeast Idaho
12 customers and Idaho Power believes the Commission would benefit from the background
13 information provided herein.

14 **I. MOTION TO SUSPEND PROCEDURAL SCHEDULE**

15 Idaho Power filed its original IRP on June 28, 2019. At the recommendation of the
16 Commission and Staff, Idaho Power's IRP used a Capacity Expansion Modeling (CEM) approach
17 to build and optimize alternative portfolios. Specifically, the Company employed the Long-Term
18 Capacity Expansion (LTCE) tool in AURORA, which allows for portfolios to dynamically adjust
19 based on the impacts of new capacity additions and other factors.

20 Subsequent to this initial filing, the Company identified an issue related to the CEM
21 approach, which required the Company to perform additional modeling to confirm the accuracy of
22 the IRP's conclusions. The LTCE model had optimized portfolios for the entire Western Electricity
23 Coordinating Council (WECC) region, rather than for Idaho Power's system in particular. For this
24 reason, on July 19, 2019, Idaho Power notified the Commission of the need to perform
25 supplemental analysis to ensure that the IRP yielded a least-cost, least-risk solution specific to

1 Idaho Power's service area, and asked that the Commission refrain from adopting a procedural
2 schedule until an amended IRP could be filed.

3 Idaho Power filed its Amended IRP on January 31, 2020. This Amended IRP identified
4 eight modifications to the original IRP,¹ and implemented a new manual modeling step to ensure
5 that the LTCE results yielded the best possible economic and reliability outcomes for Idaho
6 Power's system and customers. Importantly, these changes resulted in only two modifications to
7 the preferred portfolio's near-term 2019-2026 Action Plan: (1) the removal of the Franklin Solar
8 facility, and (2) the addition of 5 megawatts (MW) of demand response in 2031, rather than in
9 2026.

10 Subsequently, on May 29, 2020, the Company provided a correction to the IRP related to
11 the costs associated with the Jim Bridger Power Plant (Bridger). The need for this correction was
12 identified while preparing a response to a discovery request in a separate docket before the Idaho
13 Public Utilities Commission. While reviewing the Company's modeling outputs, it became clear
14 that certain Bridger-related costs had inadvertently been excluded from portfolios in which a
15 Bridger unit was exited prior to the existing shutdown date of 2034. This correction required the
16 replacement of seven pages in the Company's Amended IRP but did not impact the Company's
17 recommendation of the Preferred Portfolio—which remained the least-cost, least-risk solution to
18 serve customers.

19 In recent weeks, the Company has identified necessary changes in the Amended IRP.
20 These newly discovered issues have prompted Idaho Power to initiate a comprehensive review
21 of its Amended IRP. The review is being performed by a multidisciplinary team of Company
22 subject matter experts (IRP Review Team) overseen by the Company's internal audit division.

23 This new internal review and audit process is carefully analyzing all aspects of the
24 Company's modeling. This process involves the following general steps:

¹ See Cover Letter to Amended IRP at 1-2 (Jan. 31, 2020) (setting out the eight specific changes).

- 1 • **First**, the IRP Review Team is examining how specific inputs—such as forecast
2 data, operational constraints, and financial assumptions—are developed for
3 inclusion in the AURORA model.
- 4 • **Second**, the IRP Review Team is investigating how inputs are adjusted or
5 converted for incorporation into the AURORA model and that the inputs were
6 correctly entered. For instance, some inputs must be converted from one type of
7 measurement to another in order to accommodate the AURORA program, and the
8 review team is checking to ensure that all such conversions were performed
9 correctly.
- 10 • **Third**, the IRP Review Team is analyzing how the AURORA model handles the
11 various inputs within the model itself (*i.e.*, the modeling logic), to make sure that
12 the model is using the proper data inputs in the proper processes and that the
13 modeling settings and options are suitably selected.
- 14 • **Fourth**, the review team is examining the consistency and accuracy of the
15 AURORA model's outputs, to ensure that the model produces logical and
16 consistent results.

17 The Company anticipates that this review and audit process will take approximately 2-3 weeks.

18 Once Idaho Power's internal review and audit is complete—and no later than July 31,
19 2020—the Company will provide a status update to the Commission and will propose a
20 corresponding new procedural schedule. Until the results of this analysis are complete, however,
21 the Company is unable to accurately forecast the time necessary to provide any revised modeling
22 and analysis that may be required. As a result, Idaho Power respectfully requests that the
23 procedural schedule be suspended until the Company has provided a further update by no later
24 than July 31, 2020.

1 **II. UPDATE REGARDING B2H PROJECT**

2 The B2H project’s co-participants are Idaho Power, BPA, and PacifiCorp. To date, the co-
3 participants’ contemplated interests in B2H have generally corresponded with their capacity
4 needs, and with the current allocation of permitting costs borne by each co-participant as follows:
5 Idaho Power: 21 percent; BPA: 24 percent, and PacifiCorp: 55 percent.² However, as described
6 in Idaho Power’s Reply Comments, the B2H co-participants are exploring several alternative
7 asset, service, and ownership arrangements.

8 Under one of the scenarios being discussed, Idaho Power would assume BPA’s
9 previously-contemplated ownership share, Idaho Power would serve BPA’s southeast Idaho
10 customers, and BPA would pay the equivalent of its previously-contemplated ownership through
11 the Open Access Transmission Tariff (OATT) for service to BPA’s southeast Idaho customers.
12 As part of the next steps in the discussions, BPA intends to reach out to its customers in southeast
13 Idaho to solicit feedback on this potential arrangement. In light of this impending outreach, Idaho
14 Power wishes to ensure that the Commission also possesses all relevant current information,
15 despite the fact that the agreement remains under negotiation at this point.

16 BPA’s interest in B2H is related to its need to provide service to BPA’s customers in
17 southern Idaho. Under the contemplated arrangement, Idaho Power would assume BPA’s
18 ownership share in the project, while BPA would be responsible to pay the costs of that increased
19 share through a Network Integration Transmission Service Agreement (NITSA). Under the OATT,
20 as a NITSA customer BPA would repay the full cost of the project necessary to meet BPA’s
21 needs—which, as noted above, equates to roughly 24 percent of the total costs of B2H—over the
22 life of the project.

23 Idaho Power believes that the practical implications of this potential ownership
24 arrangement for the Company’s Amended IRP is limited. While Idaho Power’s formal ownership
25 interest would increase, the Company’s original 21 percent ownership share would continue to

² These percentages are rounded.

1 reflect the Company’s approximate share of the costs for B2H. Thus, Idaho Power’s share of the
2 financial responsibility for B2H, as analyzed in the Amended IRP, would remain unchanged. As
3 a result, the Amended IRP’s use of a 21 percent ownership share for purposes of the IRP’s least-
4 cost, least-risk analysis is still appropriate. However, if Idaho Power determines that its customers
5 will experience additional benefits by virtue of owning 45 percent of B2H, then the Company will
6 evaluate these net benefits in a future proceeding.

7 While Idaho Power believes that the current discussions are very promising, the B2H co-
8 participants must still work through the details of the proposed ownership arrangement—as well
9 as numerous other aspects of the negotiations—to ensure that it is in the best interests of each
10 party’s respective customers. Idaho Power will continue to provide updates as more information
11 becomes available.

12 **III. CONCLUSION**

13 Idaho Power has commenced a comprehensive review and audit of its Amended IRP
14 modeling, and asks that the Commission suspend the procedural schedule in this docket until the
15 Company provides a further update by no later than July 31, 2020.

16 In addition, the Company is pleased to report that BPA remains committed to the
17 construction of B2H and the co-participants have tentatively agreed to an ownership structure that
18 will maintain the co-participants’ approximate financial responsibility for the project. These
19 negotiations represent a positive step in the development of B2H.

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DATED: July 1, 2020

MCDOWELL RACKNER GIBSON PC



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