BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

LC 84

In the Matter of IDAHO POWER COMPANY, 2023 Integrated Resource Plan.	Renewable Northwest's Comments on Staff Recommendations

I. INTRODUCTION

Renewable Northwest ("RNW") thanks the Oregon Public Utility Commission (the "OPUC" or the "Commission") and OPUC Staff ("Staff") for this opportunity to comment on Staff's Final Comments and Recommendations on Idaho Power Company's ("Idaho Power" or "the Company") 2023 Integrated Resource Plan ("IRP"). RNW appreciates the work Staff has done to evaluate the Company's plan and near term action items, and we generally support Staff's recommendations. We also appreciate the Company's informational filing on the delay of Boardman to Hemingway (B2H) and understand that the Company is now seeking Commission acknowledgement of the next identified least-cost, least-risk portfolio - the 'Nov2026 B2H Valmy 1 & 2' portfolio.

II. COMMENTS

1. Renewable resource selection and procurement

In our February 2024 comments in this docket, RNW commented on the Commission's "somewhat unusual position (for Oregon) of jointly reviewing an IRP whose action plan reflects a concrete final shortlist and, in a separate docket, reviewing that final shortlist." Later in February, the picture became even more complicated when Idaho Power filed with the Commission another request for proposals ("RFP") seeking to procure resources in line with the IRP's demonstrated needs through 2028, with both the Company's 2026 and 2028 All-Source RFPs designed to bring on resources identified in the Company's 2023 IRP. Staff explored the conditions underlying Idaho Power's proposed 2028 All-Source RFP in an April 18 memorandum to the Commission, and the Commission ultimately supported Staff's recommendation to move the RFP forward while requiring the Company to do more to show the consistency of the RFP with the IRP in that docket.[1]

[1] *See* Order No. 24-120 Appx. A at 5 ("Staff … seeks explicit clarification from the Company about how the resource need identified aligns with or deviates from the 2023 IRP").

So, while the planning-procurement interface has become more complicated over recent months, the big picture remains clear: Idaho Power has a significant near-term need for new clean resources.

Staff agrees, recommending unconditional acknowledgement of Idaho Power's action item to, "[i]f economic, acquire up to 1,425 MW of combined wind and solar, or other economic resources" in 2026-2028. We support Staff's recommendation (**Staff Recommendation 3**). While we suggested in our February comments explicitly acknowledging a more flexible procurement target ("**approximately** 1,425 MW **or more** combined wind and solar, or other economic resources"), ultimately the possibility of higher procurement volumes can be addressed in the relevant RFP dockets and rate-recovery proceedings. We do recommend that the Commission bear in mind in this and other dockets that procurement above 1,425 MW between the Company's 2026 and 2028 All-Source RFPs may well be in the best interest of the Company's customers.

We also agree with Staff that, to avoid the complicated sequence of resource plans and procurements that have played out around Idaho Power's 2023 IRP, it would be helpful for the Company to "elaborate on its anticipated cadence of RFPs and identify the future IRPs to which RFPs will be connected" (**Staff Recommendation 2**). We recognize that the current procurement environment is challenging so the Company's plans may need to change on short notice, but providing regulators and interested parties with a clearer sense of the Company's procurement strategy absent such exigent circumstances will ultimately work to the benefit of all three categories -- regulators, interested parties, and the Company itself.

2. Coal to gas conversions

a. There is not enough information to assess coal to gas conversions

In our opening comments, we expressed concern with the magnitude of coal to gas conversions in the preferred portfolio, which represent a drastic change in the treatment of coal from the 2021 IRP. We continue to believe that more robust and transparent analysis from the Company around the drivers of the conversions and alternatives - along with contingency planning as Staff suggested - would benefit the ability of interested parties to evaluate the Company's options and ultimately would benefit consumers. At this point, it is hard for RNW to determine whether the coal to gas conversions could reasonably be considered part of a least-cost, least-risk portfolio because of the limited record supporting the conversions. It would be difficult to acknowledge the Valmy conversions based on the current record but it is also similarly difficult to determine what a reasonable alternative to the Valmy conversion would be based on the record.

Going forward, RNW would like to see more analysis of alternatives from the Company. We support **Staff's Expectation 1**, that "[i]n its next IRP, Idaho Power must evaluate two alternative portfolios to address risks associated with coal to gas conversions: I) Exit all coal plant[s] in 2030 without Valmy and Bridger 3 and 4 conversions, and II) Delay Valmy conversion with a November 2026 online date for B2H." These alternative portfolios can support comparative analysis around the costs, benefits, and risks associated with the Company's resource options. RNW suggests one amendment to this expectation - changing the "in 2030" to "by 2030" to allow for any economic retirements of coal earlier than 2030. **Staff Expectation 3** is similar but leaves room for coal exits before 2030: "[i]n the next IRP, as suggested by RNW, IPC should evaluate an alternative portfolio with a 2030 exit date from all coal operations and without the gas conversion of Valmy and Bridger 3 and 4 units for a better understanding of emissions implications of continued use for fossil fuel generation."

Through discovery and conversations with Idaho Power, Staff has concluded that the gas converted units will operate as baseload units, much the same as the coal units before conversion. This conclusion is not as clear to RNW based on our review of discovery materials. Regardless, Staff includes two expectations (**Staff Expectations 2 and 5**) for the next IRP that aim to give Staff, the Commission, and interested parties a clearer understanding of how these units are expected to operate, their contribution to system needs, and how they compare with other resources. RNW supports these two expectations.

Finally, Staff suggests that "[i]n the lead up to the 2025 IRP, Idaho Power should provide cost estimates of SO2 and NOX emissions related to the converted plant, in its advisory meetings" (**Staff Expectation 4**). RNW thanks Staff for incorporating our concerns around air quality and the health impacts of pollution.

b. The conversion of Bridger units 3 and 4 is now uncertain

Idaho Power and PacifiCorp are co-owners of the Jim Bridger coal plant. Both of the companies' 2023 IRPs included the conversion of Bridger units 3 and 4 in 2030. However, PacifiCorp's IRP Update, released on April 1, 2024, no longer converts the Bridger units. Instead, carbon capture and sequestration (CCS) technology is installed at the two units in 2028.[2] While the fate of the Bridger units was once outside the action plan window, it is now unclear when these units might change and what specific treatment they would receive. RNW would like Idaho Power to provide an update at the public meeting scheduled in this docket on any developments internally or with PacifiCorp regarding plans for the Bridger 3 and 4 units.

[2] PacifiCorp 2023 IRP Update, page 14

c. New EPA rules may impact coal to gas conversions

The Environmental Protection Agency recently released carbon pollution standards for power plants that impact existing coal plants and new gas plants.[3] On first review, it is unclear how these rules might apply to Idaho Power's proposed coal to gas conversions. It does seem likely, however, that these new rules could impact the cost effectiveness and timing of coal to gas conversions in Idaho Power's preferred portfolio. RNW will continue to review this development, and we encourage the Company to share its preliminary conclusions, if any, at the public meeting to consider acknowledgement.

3. Long duration storage pilot

RNW continues to support Idaho Power's exploration of a long-duration storage pilot, which could potentially provide Idaho Power with hands-on operational experience dispatching an emerging technology. As Staff notes, it will be important to assess the purpose, feasibility, costs, and benefits of such a pilot before the Company moves forward. We support **Staff's Recommendation 8** to "[a]cknowledge Idaho Power's proposed action to explore a 5 MW long duration storage pilot project in 2024-2028."

4. Transmission

Idaho Power seeks acknowledgement of three transmission-related action items: 1) to bring B2H online by summer 2026, 2) to continue exploring potential participation in the SWIP-N project, and 3) to bring the first phase of Gateway West (GWW) online by end-of-year 2028. Because of the delay of B2H, the first item can no longer be acknowledged. RNW appreciates the Company's April 19th filing that provided an update around B2H and identified main case 4 portfolio as the next best option. Given the uncertainty around the timing of B2H and its importance to Idaho Power's planning, RNW requests that the Company continue to update the Commission and interested parties as more information is made available.

RNW supports Staff's acknowledgement of the remaining transmission action items. The first phase of GWW will help interconnect renewable generation and deliver electricity to load across southern Idaho. RNW also sees value in continuing to explore the SWIP-N project, a 500 kV line that would connect southern Idaho and southern Nevada, giving the Company access to Desert Southwest markets. We agree with Staff that the Company should provide updates around their participation in this project and how it would impact the preferred portfolio (**Staff Recommendation 5**).

[3] 89 FR 39798

5. Market availability

Market purchases made up 20% of Idaho Power's resource mix in 2022. In our opening comments, we recommended that going forward, the Company provide more public-facing analysis on its use of market purchases to meet its needs. As the market landscape changes, Idaho Power may not be able to rely on market purchases to the extent it has previously. Similarly, Staff suggests that Idaho Power investigate whether their model is overestimating their ability to rely on market purchases (**Staff Expectation 12**). Staff also evaluates the Company's wholesale electricity price forecast, finding that the average and hourly prices are reasonable, although slightly underestimated compared to the actuals. However, Staff cannot compare actuals to Idaho Power's stochastic risk run and requests that Company preserve that data in the next IRP (**Staff Expectation 11**). RNW agrees with both of these expectations since they will help interested parties assess the reasonableness of Idaho Power's price forecast and reliance on the market.

6. QF renewal rate

Though RNW did not comment on the renewal rate for wind Qualifying Facilities (QFs) in our opening comments, we agree with Staff and the Renewable Energy Coalition (REC) that a renewal rate of zero is unreasonable. Staff recommends that Idaho Power establish a non-zero QF renewal rate with Staff and interested parties in the lead up to the 2025 IRP (**Staff Recommendation 8**) and in the interim, assume a 75% wind QF renewal rate in line with PGE's and PacifiCorp's assumptions (**Staff Recommendation 9**). This approach seems reasonable - using a vetted renewal rate, while the Company develops one of its own.

III. CONCLUSION

RNW thanks Staff for their thoughtful review of Idaho Power's plan and the comments of interested parties in this docket. The recommendations and expectations Staff has proposed will enhance the Company's next plan and facilitate review in future cycles. We look forward to continued engagement in this docket.

Respectfully submitted this 23rd day of May, 2024,

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