BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 84

In the Matter of IDAHO POWER COMPANY, 2023 Integrated Resource Plan.	THE RENEWABLE ENERGY COALITION'S FINAL COMMENTS

I. INTRODUCTION

The Renewable Energy Coalition (the "Coalition") respectfully submits these Comments on Staff's Final Comments ("Final Comments") for consideration by the Oregon Public Utility Commission (the "Commission" or "OPUC") in the matter of Idaho Power Company's ("Idaho Power's") 2023 Integrated Resource Plan ("IRP"). The Coalition supports Idaho Power's continued planning assumption that 100 percent of non-wind qualifying facilities ("QFs") will renew after contract expiration. However, the Coalition does not support Idaho Power's planning assumption that no wind QFs will renew after contract expiration. Staff recommends Idaho Power use a 75 percent wind QF renewal assumption until a new non-zero renewal assumption is determined via a methodology similar to PacifiCorp or accepted by the Commission.[1] The Commission should adopt Staff's recommendation and require Idaho Power to use a 75 percent wind QF renewal assumption in any avoided cost filing updates in Docket No. UM 1730 and in future IRPs. The Coalition drops its recommendation that Idaho Power update its

[1] Staff's Final Comments at 22-23 (Apr. 25, 2024).

preferred portfolio with updated QF assumptions based on Staff's position that the updated QF renewal rate of 75 percent will be included in the 2025 IRP that is schedule to be filed June 2025.

II. COMMENTS

A. The Commission Should Adopt Staff's Recommendation on Wind QF Renewal Assumptions with a Clarification

Staff recommends Idaho Power use a 75 percent wind QF renewal assumption until a new non-zero renewal assumption is determined via a methodology similar to PacifiCorp[2] or accepted by the Commission.[3] Specifically, Staff recommends:

> Draft Recommendation 9: Prior to portfolio optimization for the next IRP, the Company must work with Staff and Stakeholders to determine and employ a non-zero renewal rate for all QFs in line with PacifiCorp's estimation methodology, or other similar methodologies, to be adopted in the 2025 IRP.
>
> Draft Recommendation 10: Idaho Power should assume a 75 percent wind QF renewal rate pending a non-zero renewal rate determination via a methodology accepted by the Commission in the next IRP.[4]

---

2 Note that PacifiCorp used 10 years of historical data to develop a QF renewal rate. The Coalition supports using 10 years of historical data, if available, to develop a QF renewal rate. However, the historical data should be based on reasonable, justifiable assumptions and accurate estimates. Thus, the 10 years of historic data can be adjusted based on specific facts and circumstances. If there is not 10 years of data that is reasonable, has justifiable assumptions and includes accurate assumptions, then the 75 percent renewal rate should be used. *See In re Commission Investigation into PURPA Implementation*, Docket No. UM 2000, QF Trade Associations' Comments on Staff's Straw Proposal at 20-21 (May 15, 2024).

3 Staff's Final Comments at 22-23.

4 Staff's Final Comments at 23.

Staff explains that "a zero-renewal rate is unacceptable" and "assuming that no wind QFs will renew will result in the utility likely overestimating its resource needs and over procuring resources[.]"[5] Thus, Staff recommends Idaho Power follow a similar Commission directive as Portland General Electric Company ("PGE") in Docket No. LC 80 to use a 75 percent wind QF renewal rate until a methodology is developed by the Commission, which is likely to occur in Docket No. UM 2000.[6]

The Commission should adopt Staff's recommendation to require Idaho Power to use a 75 percent wind QF renewal assumption until a renewal methodology is adopted by the Commission. However, the Commission should clarify that Idaho Power should use the 75 percent wind QF renewal assumption in updated avoided cost filings in Docket No. UM 1730 similar to PGE.[7] It is important to accurately plan, or to plan as best the utility can. Here, Idaho Power is inaccurately planning to artificially increase its resource need, over procure resources, and harm QFs related to avoided cost pricing.

Existing QFs are extremely likely to renew their contracts because they have a statutory right to keep selling power to their interconnected utility. While they can sell power to another utility, they will incur additional wheeling expenses, which typically makes such sales uneconomic in the absence of significant differences in avoided cost pricing. Moreover, wind projects, and other QFs, will typically repower or update the facility instead of ceasing operation because the major upfront capital, interconnection,

---

5 Staff's Final Comments at 21-22.

6 Staff's Final Comments at 22; *see* Docket No. UM 2000, Staff's Phase 1 Proposal (Mar. 7, 2024).

7 *In re PGE 2023 Clean Energy Plan and Integrated Resource Plan*, Docket No. LC 80, Order No. 24-096 at 22 & Appendix A at 23-25 (Apr. 18, 2024).

and transmission costs have already been spent and it is economic to continue to sell power to the utility. Staff's recommendation of a 75 percent renewal for wind QFs is much more reasonable than Idaho Power's assumed 0 percent renewal for wind QFs. Thus, the Commission should adopt Staff's recommendation to require Idaho Power to use a 75 percent wind QF renewal assumption until a renewal methodology is adopted by the Commission and clarify that Idaho Power should use this 75 percent renewal for wind QFs in avoided cost filings in Docket No. UM 1730.

The Coalition initially recommended the Commission direct Idaho Power to update its wind QF planning assumptions and update the preferred portfolio.[8] While the Coalition would prefer the Commission require Idaho Power to update its preferred portfolio, the Coalition drops its recommendation based on Staff's position that the updated QF renewal rate of 75 percent will be included in the 2025 IRP that is schedule to be filed June 2025. The Coalition recognizes Staff and Idaho Power's reasoning that updating the preferred portfolio now would take a lot of time and resources.[9] However, inaccurate QF assumptions in a utility's preferred portfolio can influence its near-term need and cause the utility to over procure resources. The Commission should be aware that the preferred portfolio will be at least in part inaccurate because of the failure to accurately estimate QF renewals. Thus, while the Coalition has concerns with Staff's recommendation to not require Idaho Power to update its preferred portfolio, the Coalition is not opposing Staff's recommendation.

---

8 The Coalition's Opening Comments at 3 (Feb. 7, 2024).

9 Staff's Final Comments at 22; Idaho Power's Reply Comments at 52 (Mar. 7, 2024).

B. Idaho Power's Justifications for Using a Zero Percent Wind QF Renewal Rate are Unreasonable

Idaho Power's justifications for using a 0 percent wind QF renewal rate are unreasonable. First, Idaho Power reasoned it assumed a 0 percent wind QF renewal rate in its base assumptions because of "reliability risks of assuming more resources will be available and online than may come to fruition as actual energy supply."[10] REC takes the issue of reliability risks seriously, and notes that QFs are part of the solution and not the reliability problem.

Reliability risks can exist with any IRP planning assumption and is not unique to QFs. For example, energy efficiency or demand response may not come to fruition as planned by a utility, which would result in an energy deficit. It is important to appropriately and reasonably plan for all resources including wind QF renewals. As explained above and in the Coalition's prior comments in this and other dockets, existing QFs are extremely likely to renew their contracts.

On-system operating QFs in particular provide resilience and reliability benefits that are far greater than off-system or not yet built projects. This is because the risk of failure or ceasing operation is much lower for a project that has been operating for fifteen or more years. The greatest risk for operating projects is not economic or operational considerations, but whether state regulatory policy or utility actions will make it difficult to renew their contracts and interconnection agreements. In contrast, any project that has

---

[10] Idaho Power's Reply Comments at 27.

not yet been constructed will face risks in delayed operation, cost increases, or even project failure.

Further, Idaho Power assumes 100 percent of non-wind QFs, which are primarily hydroelectric projects, will renew. The Coalition recognizes that there is less evidence for wind QF renewals, and that it is not unreasonable to have a lower than 100 percent assumption for wind QF renewals. However, it is unreasonable to assume no wind QFs will renew while assuming 100 percent of non-wind QFs will renew.

Thus, Idaho Power's reasoning of reliability risks is unreasonable because that risk exists with any resource in the IRP, existing QFs are likely to renew, and Idaho Power assume 100 percent of non-wind QFs will renew.

Second, Idaho Power reasons a 0 percent wind QF renewal rate is appropriate because it conducted an empirical analysis consistent with the Commission's direction in Order No. 23-004.[11] Idaho Power states it evaluated 10 years of historical data and had conversations with wind QFs but no project "indicated definitive, actionable intent to enter into a replacement PUPRA contract after its existing contract expires."[12] Idaho Power explained that "definitive, actionable intent" can be when a QF submits an application under Schedule 85 or Schedule 37 for indicative pricing.[13] According to Idaho Power, it usually does not begin contract renewal discussions until 8-10 months in advance of the current contract expiration and it's "strong preference is to execute a

---

11 Idaho Power's Reply Comments at 51-52.
12 Idaho Power's Reply Comments at 51-52.
13 *See* Idaho Power's Response to REC Data Request 19 (Attachment A).

replacement contract no more than a year prior to the expiration of the existing contract[.]"[14]

Idaho Power's empirical analysis and outreach was insufficient and unreasonable to base a 0 percent wind QF renewal rate from. The Coalition reached out to the operators of the wind QF projects throughout January regarding wind QF renewal.[15] The Coalition received responses from those projects and 30 of the 32 projects informed the Coalition they intend to enter into contracts with Idaho Power after their current contracts expire or some have not yet made a final decision, which account for about 607 MW.[16] This is about 94 percent of the projects and about 97 percent of the Idaho Power wind QF contract capacity.[17] While the Coalition is not opposing Staff's 75 percent renewal assumption, the Coalition notes that it is far below the intention of the wind QFs and what they have expressed regarding renewing. If Idaho Power had similarly reached out to the wind QFs, then it likely would have received similar results. One method to better estimate QF renewals, which can support and be a part of reasonable adjustments to historical data, could be for the utility to send out a questionnaire or similar type document to the QFs three years before contract expiration to inquire on whether the QF intends to renew or not.

Additionally, Idaho Power received correspondence from Idaho Winds, LLC in 2022 and 2023 stating its intent to renew its 22 MW Sawtooth wind project. In January

---

14 *See* Idaho Power's Response to Staff Data Request 62 (Attachment A).
15 The Coalition's Opening Comments at 14, Attachment B.
16 The Coalition's Opening Comments at 14, Attachment B.
17 The Coalition's Opening Comments at 14, Attachment B.

2024, both Idaho Winds, LLC and Idaho Winds Partners 1, LLC, owning 11 wind projects totaling 186 MW, notified Idaho Power of their intent to renew their QF contracts, with a combined total of 208 MW, attached hereto as Attachment B. Yet, Idaho Power is unwilling to use such notices and the wind QF's intention to renew to estimate a reasonable wind QF renewal rate.[18] Idaho Power will not even assume the renewal of a QF which has no ability to wheel its power off Idaho Power's system, has strong business reasons to keep operating because it is already constructed and does not want to abandon its capital investment, and has clearly communicated their intention to renew its contracts.

Further, Idaho Power should not need a completed application from a renewing wind QF to assume a reasonable renewal rate. Idaho Power does not require this level of intent for non-wind QFs or other resources in the IRP. Also, Idaho Power's preference to execute a replacement contract no more than one year before the current contract expires is unreasonable and contrary to Oregon rules. QF developers plan farther ahead than one year for contract renewal especially if the project needs repowering or updates. In Oregon, the renewing project can select a commercial operations/in-service date three years in advance and in some instances five years in advance.[19] Thus, it is unreasonable for Idaho Power to base a 0 percent wind QF renewal rate off of its insufficient empirical analysis that the Coalition demonstrated was inaccurate and "definitive, actionable intent" that it does not apply to other IRP resources and is on an unreasonable timeline.

---

18 *See* Idaho Power's Response to REC Data Request 6, Attachment 1 (Attachment A).

19 OAR 860-029-0120(5).

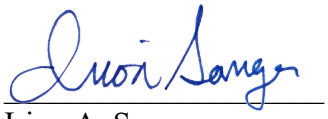
III. CONCLUSION

The Commission should adopt Staff's recommendation regarding wind QF renewal assumptions.

Dated this 23rd day of May 2024.

Respectfully submitted,

Sanger Law, PC



Irion A. Sanger
Ellie Hardwick
Sanger Law, PC
4031 SE Hawthorne Blvd.
Portland, Oregon 97214
Telephone: 503-756-7533
Fax: 503-334-2235
irion@sanger-law.com

Of Attorneys for Renewable Energy Coalition

Attachment A

Idaho Power Company Data Responses to Coalition and Staff

REC'S DATA REQUEST NO. 6:

Please provide any communications between Idaho Power and wind QFs related to whether the wind QF would renew their contracts after contract expiration.

IDAHO POWER COMPANY'S RESPONSE TO REC'S DATA REQUEST NO. 6:

Please see the attached letter from Idaho Winds LLC. See also the Company's response to Request No. 5 describing informal, verbal communications that have occurred between Idaho Power and wind qualifying facility ("QF") owners.

Idaho Winds LLC

21 September 2023

Mr. Jared Hansen, Resource Planning Leader
Idaho Power Company
sent via email jhansen@idahopower.com

Subject: Initial Comments, Idaho Power's Draft 2023 IRP

Jared,

We are writing to provide initial comments regarding Idaho Power's *Draft 2023 Integrated Resource Plan* (**"Draft IRP"**). We would first like to thank Idaho Power for the opportunity to provide early feedback and for involving Idaho Winds LLC as a member/attendee in the Integrated Resource Plan Advisory Council (**"IRPAC"**). We sincerely value the opportunity to participate in IRPAC.

As requested in your email dated September 15, 2023, we are responding with our initial comments to the Draft IRP. In particular, the assumption made in the "Preferred Portfolio" wherein it's assumed that all QF wind projects will not renew their contracts "based on ongoing conversations with wind developers" is inaccurate. As you know from our video call with you and Camille Christen on December 21, 2022, we advised you of our intent to continue operating our 22 MW Sawtooth wind project (which has been operating since 2011, located in Elmore County, Idaho) after the expiration of our current QF contract, either by renewing our QF contract or pursuing a new, long-term PPA with Idaho Power. In addition, while we do not speak on behalf of other QF wind projects, we have spoken with other QF wind project owners/operators who also intend to continue operating beyond the expiration of their existing QF contracts.

As background, wind turbines have a minimum life of 30 years, based on our own operating experience with over 900 wind turbines. And, with long-term preventive maintenance and/or repowering, wind projects can extend their life far beyond 30 years, similar to hydroelectric projects. Further, as an example, GE's current wind turbine design certifications are up to 40 years, as shown on their web site.

We appreciate Idaho Power's effort to model an alternative "New Forecasted PURPA" scenario in which 100% of the QF wind contracts renew (in addition to some new PURPA contracts), but we would encourage Idaho Power to formulate more representative assumptions regarding QF wind project renewals in the future under the Preferred Portfolio scenario. We believe there is room to model a more representative scenario where renewals are greater than the assumption of 0%. We would suggest formally contacting existing QF wind projects to discuss their future intentions, which would assist Idaho Power in refining its assumptions for future planning. We believe that these existing wind assets could play a critical role in Idaho Power's future

5420 W. Wicher Road • Glenns Ferry, Idaho 83623 • phone 208.853.9522 • e-mail rk@powerworks.com

generation portfolio goals because the projects would be continuing to operate, rather than newly constructed, which could provide potentially significant benefits to ratepayers in the form of lower power rates.

Please contact us if you have any questions.

Idaho Winds LLC

Rick Koebbe
President

5420 W. Wicher Road • Glenns Ferry, Idaho 83623 • phone 208.853.9522 • e-mail rk@powerworks.com

REC'S DATA REQUEST NO. 19:

See Idaho Power Response to REC Data Request 3 and Idaho Power Reply Comments filed on March 7, 2024 at page 51-52. Idaho Power states "no project has indicated definitive, actionable intent to enter into a replacement" contract.

a. Please explain what Idaho Power considers as "definitive, actionable intent", and how an existing QF that wishes to enter into a new power purchase agreement would provide that "definitive, actionable intent".
b. Does Idaho Power use this same level of assurance for other IRP inputs?

IDAHO POWER COMPANY'S RESPONSE TO REC'S DATA REQUEST NO. 19:

a. Under the rules and processes applicable to Public Utility Regulatory Policies Act ("PURPA") energy sales agreements, a qualifying facility ("QF") must submit a complete application under Schedule 85 or Schedule 73 in Oregon and Idaho, respectively, before Idaho Power can provide indicative pricing to the QF. After the QF has submitted its application and accepted the indicative pricing, Idaho Power prepares a draft energy sales agreement for the QF's review. Thus, one example of definitive, actionable intent to enter into a replacement contract would be for the QF to submit a complete application under Schedule 85 or Schedule 73. As stated in the Company's Response to REC Data Request No. 3, in the absence of empirical data regarding wind QF renewals (i.e., actual renewal rates), Idaho Power believes it is reasonable to look to other evidence of intent.

   Since the publication of the 2023 Integrated Resource Plan ("IRP"), Idaho Power has received emails from some wind QFs stating that they intend to enter into replacement contracts when their current contracts expire. On April 2, 2024, Idaho Power received an application for a renewal contract from a wind QF, which Idaho Power reviewed and determined to be complete on April 3, 2024. This is the first such complete application the Company has received from a wind QF. Idaho Power will work with the QF to provide the most accurate indicative pricing possible based on current inputs to the pricing model and will do the same with other QFs that submit complete applications.

b. Idaho Power seeks to use the most accurate and up-to-date information available for all inputs at the time of developing the IRP.

TOPIC OR KEYWORD: Qualifying Facilities (QFs)

STAFF'S DATA REQUEST NO. 62:

Please provide status updates on any negotiations that the Company may be planning or pursuing for the QF wind resource contracts expiring between 2024 and 2028.

IDAHO POWER COMPANY'S RESPONSE TO STAFF'S DATA REQUEST NO. 62:

Under Public Utility Regulatory Policies Act of 1978 ("PURPA") rules and regulations, including those adopted by the Oregon Public Utility Commission (OPUC"), qualifying facilities ("QF") may request a new contract to replace an existing expiring contract by submitting a completed application for a new contract and requesting current avoided cost pricing. Idaho Power does not dictate or control whether a QF submits such an application, nor the timing of a submittal. However, Idaho Power does reach out to all QFs with expiring contracts typically 8-10 months (the time it takes to properly execute a replacement contract) in advance of their current contract expiring to inform them of the expiration date and request any updates on the project's future.

While Idaho Power does not control the timing of such a submittal, Idaho Power's strong preference is to execute a replacement contract no more than a year prior to the expiration of the existing contract, to ensure that the replacement contract contains the most up-to-date avoided cost pricing.

Attachment B

Idaho Wind Partners 1, LLC Letter to Idaho Power
January 31, 2024

IDAHO WIND PARTNERS 1

31 January 2024

Idaho Power Company
1221 W. Idaho Street
Boise, Idaho 83702
sent via email

Subject: IPC 2023 IRP – QF wind comments, ESA renewal
183MW Idaho Wind Partners wind projects

Mr. Jared Hansen, Resource Planning Leader, email jhansen@idahopower.com
Mr. Jared Ellsworth, Director, Transmission, Distribution & Resource Planning, email JEllsworth@idahopower.com
Ms. Camille Christen, Resource Acquisition, Planning, and Coordination Manager email CChristen@idahopower.com
Mr. Toby Wilson, Energy Contracts, email TWilson@idahopower.com

To whom it may concern, Idaho Wind Partners owns and operates eleven wind projects totaling 183MW located in southern Idaho, near Twin Falls and Burley. These projects are contracted under Firm Energy Sales Agreements (FESA) with the Idaho Power Company (IPC). We wish to express our intent to enter into replacement agreements with IPC that would be effective upon the expiration of our existing contracts. As part of that planning, we intend to reach out to you in the future with an application per IPC's Schedule 73 attached.

To accurately plan for the future, we emphasize the importance of including the renewal of QF wind facilities in IPC's 2023 IRP preferred portfolio scenario, including the 183MW of wind projects noted above.

Please contact us if you have any questions.

Sincerely,

Idaho Wind Partners 1, LLC

DocuSigned by:
8C4035281109407...
George Craig
Director

Summary of Idaho Wind Partners projects:

IWP	Contract	Project #
Burley Butte	FESA	31765170
Camp Reed	FESA	31315050
Golden Valley	FESA	31765160
Milner Dam	FESA	31720190
Oregon Trail	FESA	31315075
Payne's Ferry	FESA	31315060
Pilgrim Stage Station	FESA	31315045
Salmon Falls	FESA	31618100
Thousand Springs	FESA	31315055
Tuana Gulch	FESA	31315065
Yahoo Creek	FESA	31315070