STOP B2H Coalition

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"Protect Our Land, Preserve Our Heritage"

September 8, 2022

Please accept the enclosed Closing Comments from the Stop B2H Coalition pertaining to Idaho Power Company's 2021 IRP, #LC 78.

Thank You,

Co-Chair, Stop B2H Coalition

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

In the Matter of **Idaho Power Company** **2021 INTEGRATED RESOURCE PLAN**	**Docket LC 78**

Stop B2H Coalition

Closing Comments

Submitted

September 8, 2022

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Introduction

STOP would like to note the complexity, interrelatedness with other regulatory processes, and the consistently changing nature of terms and measurements used in this docket. STOP is still hoping for updated budget information from which to analyze and make comparisons regarding the least-cost, least-risk portfolios in this 2021 IRP. IPC is implying that inflationary costs are equal across all portfolios therefore there is no need to update individual portfolio costs is a fallacy. Each portfolio has different resource mixes that have uniquely different build costs. We feel that these closing comments are a bit premature due to the lack of financial disclosure by Idaho Power to our data requests. It has been a bit like working in the dark and it is our hope that staff or the commission will require the company to be more transparent so all intervenors may better analyze the fiscal situation and changing landscape for ratepayers. If the docket needs to be extended to conduct a proper analysis so be it.

We look forward to the future commission workshops as they generally require the company to be clearer with its metrics and follow some degree of consistency from one IRP cycle to the next. It should also be noted that PacifiCorp still has not sought acknowledgement of the Boardman to Hemingway (B2H) in their 2021 IRP--just ongoing permitting.

Interrelatedness

It is unfortunate that the acknowledgment OPUC gave to Idaho Power in 2017 to construct the B2H has not been mapped to the ODOE[1] site certificate standards and their EFSC process[2]. Since authority for the B2H, after issuance of the EFSC site certificate, will be returned to OPUC for condemnation. However, an incomplete CPCN (condemnation) rule making in AR 636 is still in progress after 3 years. IPC has already filed a CPCN under the old rules so what rules will we all be working under. Can the rules change after a notice of application for a CPCN is filed?

STOP corresponded with both agencies leadership during Idaho Power's precondemnation-harassing circuit court activity to landowners last spring, pointing out gaps between the agencies' rules that were being exploited by Idaho Power. While STOP was listened to the response was there is nothing that could be done to coordinate and stream line the process between the two agencies. It appears that one agency's ignorance of what the other does is bliss since the lack of coordination equals lack of responsibility for a holistic decision from this publics perspective.

We have been in a contested case with ODOE/EFSC and have found that ODOE/EFSC doesn't care if there are "partners" as they have accepted that the OPUC has taken care of that, and that funding is in place. EFSC has a requirement that the application show the energy plan or plans (plural) that OPUC has acknowledged in their application. They accepted that premise that since the B2H was in IPC's IRP's since 2017 that that met the definition of energy plans. They do not care that a key partner, PacifiCorp (54%) has not come forward with an acknowledgement for the B2H in their IRP's action plan. So they will approve a 500 kV line to be built, with or without complete funding because OPUC acknowledged a 500 kV line with partners … but they don't care that there are no partners.

STOP has participated in good faith in rulemaking dockets at both agencies, in IRPs, and ODOE/EFSC processes since 2015. We have continued to point out the gaps and interconnections of state agencies' processes; and we've shared the overall frustration that we/the public have to contend with in these supposed democratic processes. We hope that in this 2021 IRP, the OPUC can step back and see the bigger picture of what's been going on by this "regulated" monopoly. The public has been getting jerked around in a regulatory shell-game.

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[1] ODOE = Oregon Department of Energy.
[2] EFSC = Energy Facilities Siting Council.

Change

The consistently changing nature of terms and/or measurements used in this IRP continues the 2019 IRP injection of new and confusing methodologies. This was done in our opinion to adjust number to make their case for B2H. At the expense of not seeing the transmission constraints occurring in the region nor the need to build their own renewable resources. IPC got caught flat footed. Because of it IPC claims to have a sudden and growing energy deficit in need of immediate resource acquisition.
OPUC Guideline 1 Substantive Requirements in Order 07-002 is not being complied with because many details in this IRP are not being evaluated on a consistent and comparable basis. This has been occurring since 2017 demonstrating the unsettled nature of these IRP's. These include ELCC, LOLE reliability threshold, transmission configurations with assorted options and analysis, coal retirements with incomplete gas conversion costs without de-commissioning costs, demand response reconfiguration, load growth assumptions, limitations of AUROA market pricing as compared to forward pricing modeling and climate change uncertainties. Change is Inevitable but the company's reconfiguring of how they develop and test an IRP is significant, making baseline comparisons near impossible.

B2H Budget

STOP is concerned that it has not been able to clearly articulate our request to see an updated 2021 IRP budget for the B2H including term sheet costs with the additional substation, transmission upgrades, and asset swaps. Staff in opening comments, pdf p 23, framed the discussion better than STOP could in saying,

> The non-binding B2H term sheet also contains asset swaps and upgrades that may themselves have a net cost. The asset swaps include purchasing 200 MW of bidirectional transmission capacity between Populus and Four Corners from PacifiCorp, the sale of Idaho Power's assets in southern Idaho to PacifiCorp, the swapping of point-to-point contracts across southern Idaho with PacifiCorp, the upgrade of the Borah West path, and an upgrade of the Midpoint- Hemingway line. If these swaps and upgrades present a net cost to customers, and are necessary for the B2H project, that net cost should be included in the total cost for B2H. However, if these swaps and upgrades are not necessary for the B2H project, each of these projects should be weighed on their own merits. A portfolio that just contains construction of the B2H line should stand alone as a portfolio to compare with selection of the associated asset swaps and upgrades in the term sheet. Staff would like to see how the NPVRR of the preferred portfolio would change without these additional transmission projects.

In attempting to understand the IPC's budget STOP submitted DR18 and IPC did not answer the question within the parameters requested **(see Q and A for DR No. 18, below).** In the 2017 IRP staff requested and received a protected copy of the October 2016 Boardman to Hemingway Cost Estimate (**redacted below, after the DR's**). In IPC's reply comments pdf p 69 they said, "STOP B2H claims that the October 2016 budget continues to be "the budget of record." While not altogether clear, Idaho Power assumes that STOP B2H is contending that the October 2016 cost estimate included in the 2017 IRP is the most recent estimate available. This claim is incorrect." Therefore, STOP contends that IPC knows full-well what budget format we were referencing but did not provide the 2021 budget in that format. Nor did they provide it in the format requested in STOP's DR 18 **(also below)** which is based on the company's financial analysis of cost and benefits in the 2021 IRP pdf p 7.

STOP believes that the "high gas, high carbon" portfolio the Idaho PUC staff flagged in their closing comments as a more likely scenario than the preferred portfolio must be more deeply analyzed. STOP pointed out IPUC staff's comments on pdf p 11 of our opening comments. IPUC staff concluded,

> "The NPV results show that the portfolios with B2H were least cost for planning gas and planning or zero carbon; however, the production cost simulations show that B2H may not be the most economical choice with high natural gas and carbon prices. Based on these results, the Gateway West transmission line without B2H may be more economical because Gateway West would provide better access to renewable energy.

STOP would like to see a detailed comparison of the stochastic risk between the preferred portfolio and the high gas/carbon portfolio on the cost spread vs stochastic risk cost in dollars. We believe the cost risk margin will be smaller with the high gas/carbon portfolio vs preferred portfolio.

IPC in response to STOP's DR 4 and 5 was not able to provide STOP with additional detail on the accuracy, reliability or margin of accuracy for the B2H budget since "the estimate provided is based on the preliminary design"(DR 5). Based on our reading of Advancement of Cost Engineering ("AACE") guidelines found in MISO's April 2022 Transmission Cost Estimation Guide a preliminary design is equal to a study or feasibility end usage with is a class 4 estimate and the 2nd lowest of the five. This is expressed as a 1% to 15% maturity level of project definition deliverables with a variation of -30% to +50% which gives the proposed budget at best a 35% accuracy range. See p 5-6 in the MISO April 2022 link above.

Accepting a project of this magnitude with unverified costs without moving beyond a feasibility stage is not prudent.

The Table following is the Q&A from STOP Data Request No 18:

LC 78 Idaho Power Company's Response to STOP B2H Coalition's Information Request No. 18-26 **STOP B2H COALITION'S DATA REQUEST NO. 18:** The company has developed AURORA portfolios and conducted a financial analysis of their costs and benefits that include: (see 2021 IRP pdf p 7 for company described detail) • Construction costs • Fuel costs • Operations and maintenance costs • Transmission upgrades associated with interconnecting new resource options • Natural gas pipeline reservation or new natural gas pipeline infrastructure • Projected wholesale market purchases and sales • Anticipated environmental controls • Market value of renewable energy certificates (REC) for REC-eligible resources Please share all this information including labor costs in a rolled and a detailed budget in excel for the following portfolio's identified by IPUC staff in their review: 1. Planning Gas, Planning Carbon 2. Planning Gas, Zero Carbon 3. High Gas, High Carbon **IDAHO POWER COMPANY'S RESPONSE TO STOP B2H COALITION'S DATA REQUEST NO. 18:** Please see the attached file for the AURORA output costs for the Preferred Portfolio under the requested scenarios.	Full response with #'s in Attachment - Response to STOP B2H Request No. 18 attached. These are the budget lines in the response as compared to request on left.

Preferred Portfolio - Base with B2H: High Gas, High Carbon
Fixed_Cost
Non_PURPA_Variable_OM_Cost
PURPA_Variable_OM_Cost
Total_Emission_Cost
Non_Charging_Fuel_Cost
Startup_Cost
Storage_Charging_Cost
Market Sales
Market Purchases
Total
Portfolio Cost
B2H Cost
Bridger Retirement Fixed Costs
Bridger Fixed O&M Update
Reliability Capacity Costs
Total
Total_Fuel_Cost
Variable_OM_Cost
PURPA Thermal
PURPA Biomass
PURPA Cogen
PURPA Wind
PURPA Solar
PURPA Hydro
Elkhorn Valley Wind Farm
Rows 31-41 are used as lookup indices for the values in the rows
B2H
GWW1
GWW2
Bridger 1 Retirement Date
Bridger 2 Retirement Date
Bridger 3 Retirement Date
Bridger 4 Retirement Date
Bridger 1 Conversion
Bridger 2 Conversion
Valmy 2 Retirement Date
Discount Rate

Below is the PROTECTED spreadsheet outline of the B2H budget from the 2017 IRP cycle with budget details redacted. The document PROTECTED INFORMATION Attachment 1 - LC 68 - Staff's DR 56_B2H 2017 IRP Cost Estimate (00221176xBCD5C) can be found in the 2017 OPUC confidential huddle account.

PROTECTED INFORMATION

Subject to General Protective Order No. 17-292

Boardman to Hemingway Cost Estimate: October 2016

Confidential

Description
Sub Total Transmission Line Permitting
Sub Total Transmission Line Construction and Mitigation
Hemingway Station Estimated Costs
Longhorn Station
Total Property Tax
Sub Total B2H Project Estimated Construction Costs
Permitting Overheads
IPCo Labor for Overall Project Coordination and Administration for Construction
Construction & Mitigation Overheads
Permitting AFUDC - *includes estimate of AFUDC for all partners*
Construction & Mitigation AFUDC - *includes estimate of AFUDC for all*
Permitting & Preliminary Engineering Contingency
Transmission Line Construction & Mitigation Contingency
Total B2H Project Estimated Costs
Total B2H Project Estimated Costs without AFUDC
IPC Share of Total B2H Cost
Local Interconnection Costs
-see Treasure Valley Integration Costs tab
IPC Total Project Cost

PROTECTED INFORMATION

Subject to General Protective Order No. 17

B2H Integration Breakdown

Location	Budget ID	Proj Title	
T725	T7250803	BOMT-HBRD Build 230 kV line	
T527	T5270901	KUNA-BOMT Build 138 kV line	
HBRD	HBRD0901	Add BOMT 230 kV line terminal	
T726	T7261001	HMWY-BOMT Build 230 kV line	
BOMT	BOMT150003	Add HMWY 230 kV line terminal	
BOMT	BOMT150002	Add HBRD 230 kV line terminal	
HMWY	HMWY150001	Add BOMT 230 kV line terminal	
			Total
			Overheads (10%)
			AFUDC
			Total

Transmission

AURORA Modeled Mid-C Prices vs Forecast

STOP appreciates staffs question about AURORA's based Mid-C forecast being significantly lower than the prices the Company uses to set Public Utility Regulatory Policies Act ("PURPA") prices in UM 1730. STOP has been struggling to get some type of comparison of the prices IPC and AURORA use vs the forward and actual prices in the various market hubs to examine the accuracy of AURORA's projections. The narrative in IPC reply comments on pdf p 26 and Figure2 clearly shows that AURORA prices are much lower than Intercontinental Exchange (ICE) forward prices. It should also be noted that in near-term years, AURORA is not designed to capture price spikes as it does not have a scarcity pricing mechanism. Given the resource inadequacy the PNW is experiencing during the energy transformation and AURORA not

having a scarcity pricing mechanism some other method needs to be used generate accurate forward looking market prices. This error is further detracts from the accuracy of the IRP.

Figure 2 **Mid-C Hub Average Forward Prices $/MWh vs AURORA Planning Conditions**

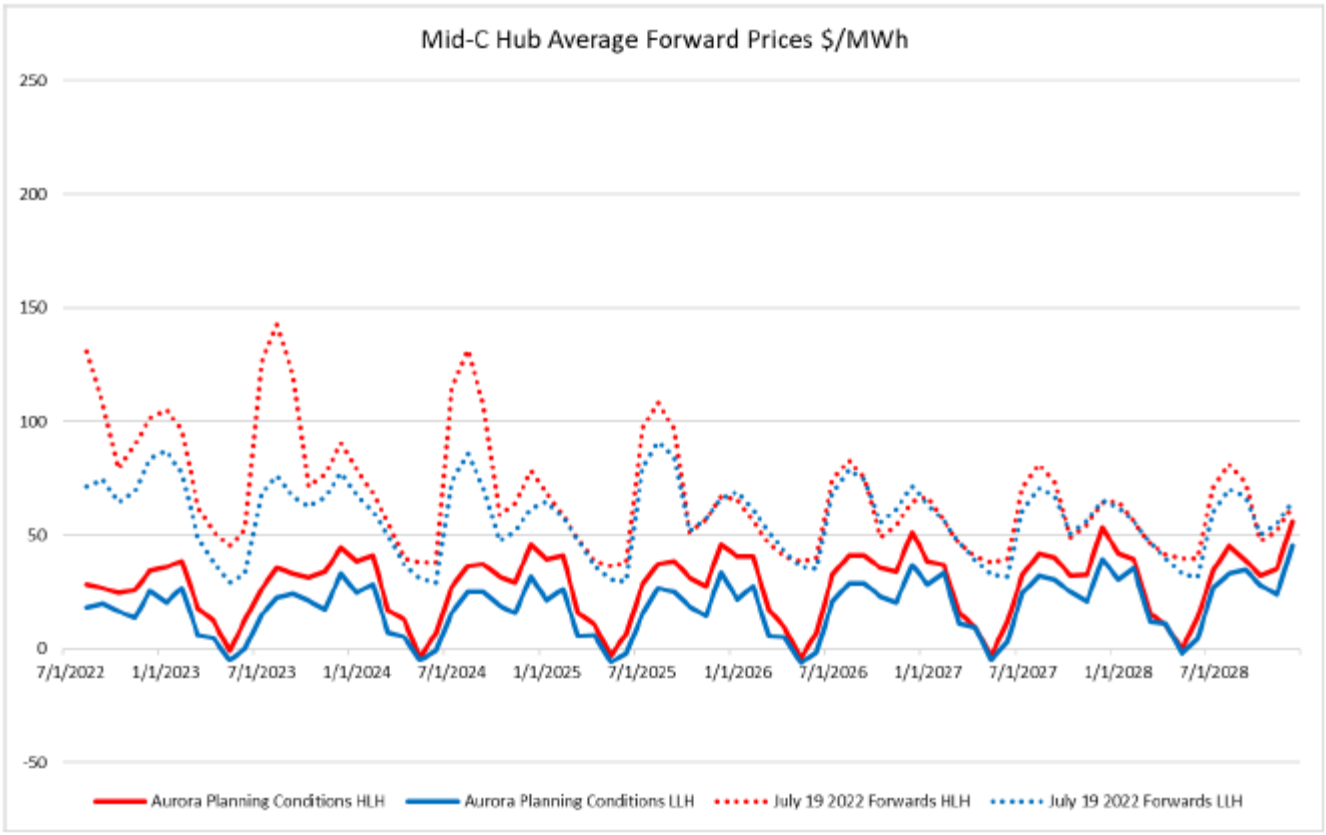
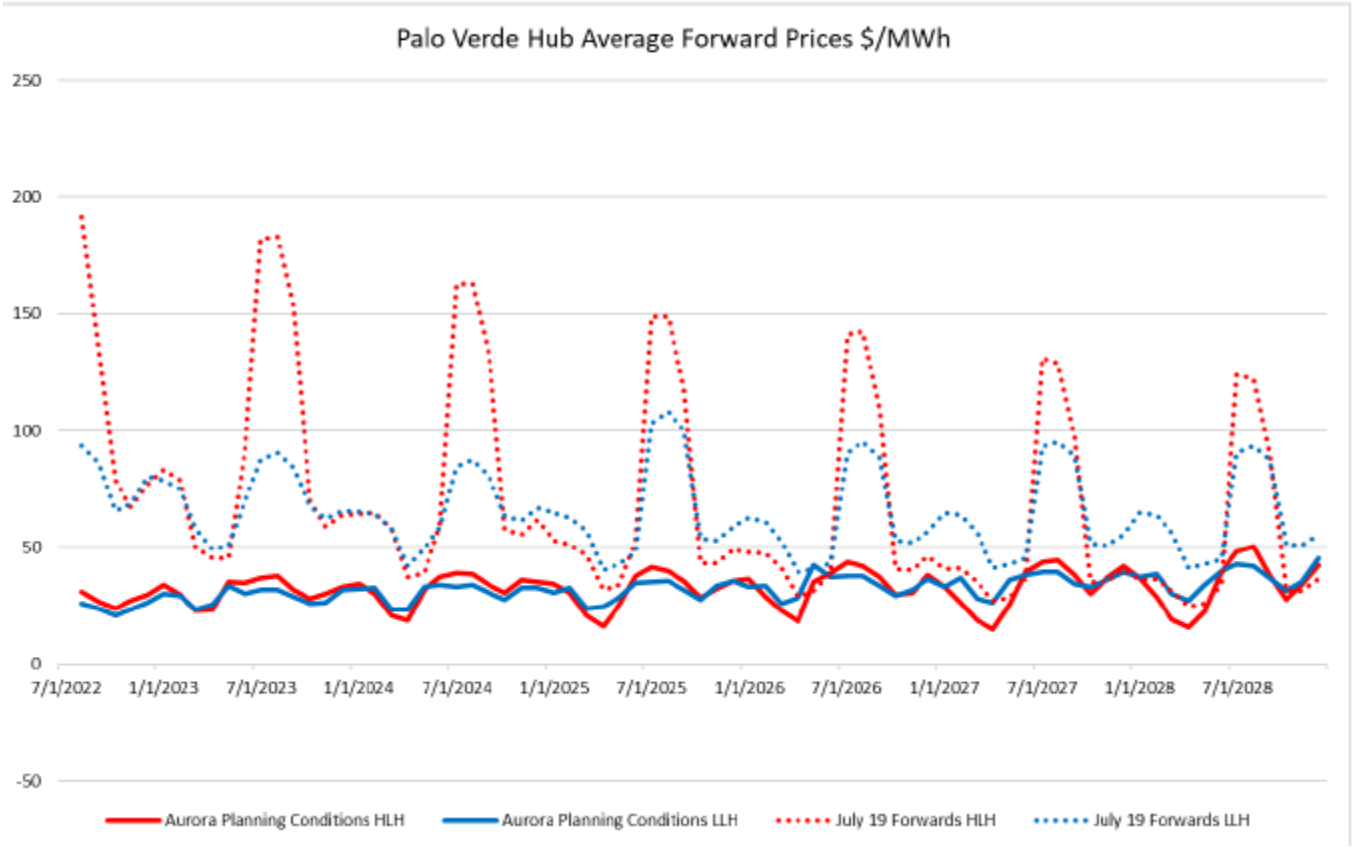


Figure 3 Palo Verde Hub Average Forward Prices $/MWh vs AURORA Planning Conditions



STOP would like to remind all parties that in our final comments in LC 74 p 30 under Mid-C Market and Jackpot we shared an excerpt from IPUC's staff report[3] on Jackpot Solar, CASE NO. IPC-E-I9-14[4]. They determined that the PPA for Jackpot Solar was less expensive than market purchases at the Mid-C. It provided Idaho Power customers with less expensive, clean renewable energy over the 20 year period modeled rather than the more carbon intensive Mid-C market hub. These saving are probably even greater now given the growing resource inadequacy at the Mid-C market and the investment in jackpot solar is providing jobs to Idahoans.

These significant price differences should cause further pessimism on the reliability of the data and least-cost portfolio.

Transmission Revenue

We have seen that the construction of the B2H will have multiple revenue streams for IPC. The three customer classes: native load customers, network customers, and point-to-point. These all pay different transmission rates to IPC. The native load customers are regulated by the Idaho and Oregon PUC's. The network and point-to-point customers are regulated by FERC and the rates are detailed in the OATT. In STOP's DR 20 asking for clarification of the transmission customers and which agencies regulate them IPC concludes,

[3] https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/IPCE1914/Staff/20191126Comments.pdf p 10-13
[4] https://puc.idaho.gov/Case/Details/3675

> FERC establishes the Company's transmission rates and the revenues the Company acquires from transmission customers (network and point-to-point). The IPUC and OPUC establish the rates for the Company's retail customers. Included in retail rates is 100 percent of the Company's transmission investments, therefore, any FERC-based revenues are applied in retail rates as revenue offset, reducing rates for retail customers.

Given these revenues, which are significant as we've seen in the DR's, the B2H should be eventually paid off (into it's perpetuity). Remaining, will only be operating and maintenance expenses plus the cost of energy from the Mid-C. Wheeling fees are covered to the IPC balancing authority border from mid-c per the term sheet.

STOP requests that the commission ask IPC for an accounting of income credited to B2H by customer class and year and how B2H debt is to be paid down, including when will the B2H be paid off? At that point there should be a rate reduction to customers. Understanding how ratepayers financially benefit from the B2H as compared to other resource options is critical for this IRP and the prudency review if that occurs.

Federal Funding for B2H

STOP thanks staff for asking this question in DR 1 and IPC's response under Federal Funding for B2H pdf p 37 where they say,

> As a requirement, the project applicant must demonstrate an eligible project is *unlikely to be constructed in as timely a manner or with as much transmission capacity* in the absence of TFP facilitation.97 Because the B2H project has a negotiated term sheet, 80 percent of the available capacity is subscribed, and the partners are working toward finalizing associated agreements, it is not likely the B2H project would qualify for these funds.

STOP has been exploring federal funding in I-84's right of way (ROW) since the Infrastructure Investment and Jobs Act ("IIJA") came out, and more so since the Inflation Reduction Act of 2022 was passed. STOP believes that burying the B2H as a direct current (DC) line in the ROW of I-84 with level 3 charging stations at the rest area could get the attention of our congressional delegations. We floated this idea with Senator Wyden this spring and there was interest. But we had to see what bills came out of Washington, DC. WE need to explore these options in more detail as ODOE in their Prompting Questions for ODOE Application to USDOE Grid Resilience Funding p2 they say "ODOE staff have struggled with how one might compare the value of undergrounding a power line in Eastern Oregon with the installation of a microgrid on the Oregon coast."

STOP reads this as a possibility exists. **We would like to collaborate on this potential win-win situation.** Some utility has to be first in the county to use these funds in an innovative way to pave the way towards our energy future. We are pioneers and while it would take more planning and engineering time, one has to remember that IPC's first essential completion date was 2016. Doing this right and not in an expedited way is what is most important, protective and prudent for all Oregonians—especially those living in our beloved Eastern Oregon.

Planning Reserve Margin

In STOP's DR 14 we asked,

> On page 99 Appendix C LOLE of portfolios. Please show the difference in megawatt hours and cost related to the company's change in the reliability threshold from 0.1 days per year to .05

days per year for all portfolios.

Why does the company believe that its rapid acquisition of resources to meet the new planning margin are required rather than an incremental resource acquisition waiting for economic conditions to improve? This is a paper change that just occurred and could change as rapidly as it occurred. Is this the most prudent way to serve Idaho Power's customers? Please explain.

IPC responded,

An analysis showing the difference in megawatt hours and costs related to the Company's change in the reliability threshold from 0.1 days per year to .05 days per year for all portfolios was not performed and the information is not available.

The drivers for the Company's transition from resource sufficient to resource deficient are outlined in the "Urgent Capacity Resource Need" section of the 2021 IRP.1 The most significant drivers are transmission constraints and demand response assumption changes. Additional resources are required in the near-term with or without changes made to the planning margin and methodology modernization.

Imposing this increase all at once without doing an economic impact analysis is not a best practice. Initially it was the Northwest Power and Conservation Council driving this with their recommendation to change the LOLP target. Now it is transmission and demand response changes in IPC's response. Two of these three, planning margin and demand response changes, are driven by the company and do not have to happen right away. Having not done a study to examine the difference in megawatt hours and costs related to the Company's change in the reliability threshold is unwise as it will have an economic impact on ratepayers. The portfolios need to be adjusted for climate change and the planning margin is directly related to that.

STOP suggests that the commission urge IPC to study the impacts of these decisions on the ratepayer and look at a phased-in approach. Ratepayers are going to get creamed by rate increases in the next few years and each increase needs to be scrutinized.

Conclusion

As stated above, particularly expressing our frustration with state regulatory frameworks and processes, STOP is very concerned that we will simply see another round of acknowledgement of this IRP when in fact the financial estimates and forecasts made need a much deeper investigation. Climate change is happening and we have not veered from our vision of a clean energy future. We have offered many reasonable and feasible alternatives to long-distance transmission (reducing line losses and fire risks) over the years (since 2015) and there are even more today. Yet the OPUC (nor the ODOE) seem to be willing to listen to the people, or to be champions of innovation and change. We hope that you will see through the shady dealings and manipulation of data and information from this regulated monopoly and take bold steps to secure our energy security and independence. Thank you for your consideration of our comments and we look forward to participating in the follow up workshop.