

ORDER NO. 24-420

ENTERED Nov 15 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1730(12)

In the Matter of

IDAHO POWER COMPANY,

Post 2023 Integrated Resource Plan  
Acknowledgement Update to Standard  
Avoided Cost Schedule for Qualifying  
Facilities.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on November 14, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



**Alison Lackey**

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 14, 2024**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** November 27, 2024

**DATE:** November 1, 2024

**TO:** Public Utility Commission

**FROM:** Ryan Bain

**THROUGH:** Caroline Moore, Scott Gibbens, and Curtis Dlouhy **SIGNED**

**SUBJECT:** IDAHO POWER COMPANY:  
(Docket No. UM 1730(12))  
Post 2023 Integrated Resource Plan Acknowledgement  
Update to Standard Avoided Cost Schedule for Qualifying Facilities.

**STAFF RECOMMENDATION:**

Approve Idaho Power Company's (Idaho Power or Company) post 2023 IRP acknowledgment update to its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's post 2023 IRP acknowledgment update of its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

Applicable Orders and Rules

ORS 758.525(1) provides the following:

[A]t least once every two years each electric utility shall prepare, publish and file with the Public Utility Commission a schedule of avoided costs equaling the utility's forecasted incremental cost of electric resources over at least the next 20 years. Prices contained in the schedules filed by public utilities shall be reviewed and approved by the commission.

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OAR 860-029-0085(1) specifies that each public utility must file with the Commission standard avoided cost rates within 30 days of a Commission decision regarding acknowledgement of the public utility's IRP to be effective 30 days after filing unless otherwise determined by the Commission.

OAR 860-029-0085(3) provides the standard avoided cost rates filed by a public utility under sections (1) of this rule are subject to review and approval as well as modification by the Commission. The Commission may suspend the standard avoided cost rates during review. In any such review, the public utility has the burden of supporting and justifying its standard avoided cost rates. The standard avoided cost rates will be effective 30 days after filing unless otherwise determined by the Commission.

OAR 860-029-0005(4) provides that the Commission may waive any of the Division 29 rules for good cause shown upon request or its own motion.

### Analysis

#### *Background*

On August 26, 2024, the Oregon Public Utility Commission (OPUC or Commission) acknowledged Idaho Power Company's 2023 IRP in Order No. 24-285 (IRP Order) at its public meeting.

On September 25, 2024, in compliance with the above stated order, rules, and statutes, Idaho Power filed its revised Schedule 85, Cogeneration and Small Power Production Standard Contract Rates, Sheet Nos. 85-8 through 85-11. This filing includes updated Natural Gas Forward Prices, Electric Forward Prices, an updated Deficiency period start date, and updated proxy and avoided resource costs and characteristics. There were no changes to the status of the Production Tax Credit, solar and wind integration charges, nor changes to Solar plus Storage Premium Peak Hours.

As of the date of submission of this memo, no stakeholder has filed any objection to the inputs Idaho Power used to calculate the avoided cost prices nor to the calculations themselves. Staff identified one error in the Company's initial filing, involving the calculation of sufficiency period pricing, where the initially filed avoided costs reflected deficiency period pricing for all years of the schedule. The Company's filing on October 10, 2024, sought to correct for this error, with sufficiency period pricing reflecting avoided market purchases based on the Electric Forward prices through June 2026, the month before the first month of capacity shortfall identified in the Company's IRP. Staff communicated with the Company that the Commission methodology prescribed in Order No. 10-488 identifies the start of the deficiency period as the year in which the start date of the first major resource acquisition in the action plan of the most recently acknowledged IRP occurs. Commission methodology thus

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requires that the entire year of 2026 reflect avoided market purchases, and the Company refiled its avoided costs update on October 24 reflecting this measure. The Company's tariff sheets containing the updated pricing contained in the October 24 filed workpapers were not attached, and this was corrected through the Company's October 29 filing, which contained the sheets demonstrating prices in accordance with Commission methodology.

#### *Filing Overview*

Staff has reviewed the Company's application and workpapers and finds that they are in compliance with the Commission approved methodology for Idaho Power's avoided cost rates. Staff finds that overall, the rates were properly calculated and recommends that the rates be allowed to go into effect. Staff's review included verifying the accuracy of updated inputs, and scrutiny of the workpaper calculations for accurate references and output.

#### *Deficiency/Sufficiency Period*

The Company updated its sufficiency period to include the current year through 2025, based upon their 2023 IRP demonstrating the addition of over 200 MW of capacity from the Valmy Plant Gas Conversion action plan item 5, set for completion by the Summer of 2026.<sup>1</sup> The deficiency period therefore begins January 1, 2026.

#### *Natural Gas Forward Prices*

Idaho Power filed their post-IRP update utilizing the Long-Term Henry Hub and Sumas Basis Annuals Forecast from the independent-third party S&P Global Platt's Long-Term Forecast, published September 3, 2024. This is the same forecast used in the Company's previous update to Schedule 85 in UM 1730(11). Staff reviewed the updated forward gas inputs during its review and believes the vintage used is appropriate and commensurate with previous filings and Commission precedent. In the updated forecast, prices have generally risen by an average of 4.1 percent over the 2025 through 2039 period when compared to the same period forecast in the Company's May 1, 2024 avoided cost update.

#### *Forward Electric Prices*

Idaho Power filed their post-IRP update utilizing on- and off-peak electric market prices at Mid-Columbia from Inter-Continental Exchange, quoted on September 6, 2024. This is the same forecast used in the Company's previous updates to Schedule 85. Staff believes the vintage used is appropriate and commensurate with previous filings and Commission precedent.

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<sup>1</sup> See [LC 84 – Order No. 24-285 at Appendix A, pp. 4 and 22](#).

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*Updated SCCT & CCCT Overnight Capital, O&M, and Heat Rate*

Overnight capital plus transmission capital and variable O&M costs for both simple and combined cycle gas turbines increased, with fixed O&M increasing for the simple cycle turbine and slightly decreasing for the combined cycle turbine. Additionally, the heat rate of the combined cycle combustion turbine decreased by approximately five percent. These updates result in higher avoided capacity and energy costs.

*Updated Solar & Wind Contributions to Peak and Capacity Factors*

Wind resources' contribution to peak (CTP) increased from 11.2 percent to 20 percent in the 2023 IRP, with PV Solar's CTP increasing from 10.2 percent to 51.3 percent. The on-peak capacity factor for wind resources increased from 29.8 percent to 30.6 percent. The on-peak capacity factor for solar resources increased from 38.8 percent to 40.1 percent.

*Price Comparison*

The Company's proposed standard fixed levelized avoided costs for a 15-year contract (2025 through 2039), as shown in Table 1, show a \$1.45 increase for baseload resources, a \$3.45 increase for Wind resources, a \$8.29 increase for Solar resources, and a \$3.11 decrease for Solar + Storage resources. The avoided cost price increases are the result of an increase in the forward market natural gas prices and increases in costs to the avoided SCCT and CCCT resources.

*Table 1: 15-Year Levelized Price Comparison (2025-2039)*

Resource Type	Proposed Rates (\$/MWh)	Current Rates (\$/MWh)	Difference (\$/MWh)
Baseload	\$72.46	\$71.01	\$1.45
Wind	\$66.73	\$63.28	\$3.45
Solar	\$70.17	\$61.88	\$8.29
Solar + Storage	\$92.55	\$95.65	(\$3.11)

Note: Numbers may not sum due to rounding.

Conclusion

Staff believes Idaho Power followed the requirements for updating its avoided cost rates, implementing methodology appropriately and using appropriate updated inputs, consistent with its obligations under Oregon statutes ORS 757.205 and ORS 758.525. Staff finds that the filed rates are fair, just, and reasonable.

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**PROPOSED COMMISSION MOTION:**

Approve Idaho Power Company's update of Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

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