

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** June 28, 2023

DATE: June 20, 2023

TO: Public Utility Commission

FROM: Ryan Bain

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. UM 1730(9))
Update to Standard Avoided Cost Schedule for Qualifying Facilities.

STAFF RECOMMENDATION:

Approve Idaho Power Company's (Idaho Power or Company) annual May 1 update to its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's annual May 1 update of its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

Applicable Orders and Rules

ORS 757.205(1) provides that "every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it."

ORS 758.525(1) provides that “at 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.”

OAR 860-029-0080(7)(a) specifies that on May 1 of each year, a public utility must file with the Commission updates to the avoided cost information filed under section (2) of this rule to be effective within 60 days of filing to reflect:

- (A) Updated natural gas prices;
- (B) On- and off-peak forward-looking electricity market prices;
- (C) Changes to the status of the Production Tax Credit [PTC]; and
- (D) Any other action of change in an acknowledged IRP update relevant to the calculation of avoided costs.

Analysis

Background

On April 28, 2023, 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. 85-6 through 85-8. This filing includes updates to the Natural Gas Forward Prices and Electric Forward Prices.

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. Staff held a workshop with the Company and stakeholders on June 8, 2023, and it is Staff’s understanding that no stakeholder has an objection to the inputs that were updated or the calculations themselves.

Natural Gas Forward Prices

Idaho Power filed their annual update utilizing the independent-third party S&P Global Platt’s Long-Term Forecast, published March 30, 2023.

Staff reviewed the updated forward gas inputs and believes the vintage used is appropriate and commensurate with previous filings and Commission precedent. In the updated forecast, prices have generally fallen by an average of 5.7 percent over the

2023-2047 forecast horizon.

Electric Forward Prices

Idaho Power updated on and off-peak electric market prices using forward monthly market prices quoted at mid-Columbia from Inter-Continental Exchange on April 11, 2023. Forward electric market prices in the near term, the 2023 combined On- and Off-peak annual average rate, have fallen by approximately 9.6 percent since the Company's post-IRP acknowledgment avoided cost update in January 2023. Idaho Power's avoided cost prices only rely on those market prices for the year 2023. The reduction in the forward electric market prices reflects the reduction in the forward gas market prices.

Price Comparison

The Company's proposed standard fixed levelized avoided costs for a 15-year contract (2023 through 2037), as shown in Table 1, saw a \$3.81 decrease for all resource types. This reduction is primarily the result of the decrease in the forward market prices.

Table 1: 15-Year Levelized Price Comparison (2023-2037)

Resource Type	Proposed Rates (\$/MWh)	Current Rates (\$/MWh)	Difference (\$/MWh)
Baseload	\$61.40	\$65.21	(\$3.81)
Wind	\$54.88	\$58.69	(\$3.81)
Solar	\$50.09	\$53.90	(\$3.81)

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 just, fair, and reasonable.

PROPOSED COMMISSION MOTION:

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