
RENEWABLE ENERGY COALITION MEMORANDUM

TO: COALITION MEMBERS
FROM: DR. NANCY ESTEB
SUBJECT: IDAHO POWER IRP UPDATE REPORT DOCKET LC68
DATE: JANUARY 29, 2018

Hello -

This summary is of Idaho Power's Update to their 2017 IRP, but it focuses on methodology issues in its upcoming 2019 IRP. Idaho Power filed their 2017 IRP on June 30, 2017, and it was acknowledged on May 23, 2018. The Company is now in the midst of preparing its 2019 IRP. IRP guideline 3(f) requires an annual update on the utility's most recently acknowledged plan on or before the acknowledgment order anniversary date, which would be May 23, 2019, but that is very close to the date when Idaho Power plans to file its 2019 IRP. The Commission granted Idaho Power a waiver if it would provide an Update on four topics: the Boardman to Hemingway (B2H) transmission line project, updates on the natural gas price forecast, portfolio modeling options and preferences for the 2019 IRP, and update on Jim Bridger environmental control developments and options. This IRP Update report does that and more, primarily in the areas of methodology issues.

The B2H transmission line requires approvals by the BLM, the USFS, the Navy, the Army Corp of Engineers (ACOE) certain other federal agencies, ODOE, and EFSC. This Update reviews each of these approval processes. As they say in this Update, "Idaho Power continues to meet with reviewing agencies and other stakeholders to facilitate the . . . application process." Idaho Power is the lead utility on this project. The total cost estimate remains at \$1.0 to \$1.2 billion dollars, which includes AFUDC and a 20% contingency. Idaho Power assumes a 21.2% share of the expenses, which equates to approximately \$223 million. The in-service date should be in the mid 2020's.

Jim Bridger options explored include SCR investments for units 1 and 2 by 2022 and 2021, respectively. Idaho Power wishes to pivot away from the SCR investments and instead proposes early retirement of 2028 for Unit 2 and 2032 for Unit 1. Acknowledgment of the 2017 IRP did not include the Jim Bridger plans.

The natural gas price forecast update began with Table 4.1 summarizing utility peer natural gas price forecast methodologies for Rocky Mountain Power, Avista, PGE,

NWNG, and Cascade Natural Gas. All used either Wood Mackenzie or a third party consultant. Idaho Power is using a third party consultant, S&P Global Platts North American Natural Gas Analytics (Platts). Platts provides energy consulting services for 12,000 companies in over 190 countries worldwide, and has a Gas Pipeline Competition Model (GPCM) that Idaho Power adopted and will use along with the EIA Reference case and the EIA Low Oil and Gas case. The Update did not provide an actual gas price forecast amount for any of their proposed cases, so we cannot now know what the potential impact on avoided costs may be.

Idaho Power will use the AURORA model for its 2019 IRP capacity expansion modeling. It will model three natural gas price forecasts and four carbon price forecasts to develop its cases, also split among non-B2H and with B2H, for 24 cases, plus four more for Jim Bridger retirement/non-retirement.

Idaho Power will use a 15% peak-hour planning margin. Their new supply side resource costs are from Lazard and NREL. They will use three levels of input costs: constant, mid-technology cost scenario, and low-technology cost scenario. The load forecast will use a combination of their old system and a neural network. The capacity value of 47.92% will be used for solar in the 2019 IRP. For regulating reserves, Idaho Power states that “Idaho Power will continue to work with Staff to determine the best approach going forward regarding VER integration.”

The Company is using Applied Energy Group (AEG) to conduct an energy efficiency potential study. Idaho Power is “exploring options for the inclusion of these bundles [like-priced, technical achievable energy efficiency potential] in the AURORA LTCE model.”