

Regulatory Assistance Project Electric Resource Long-range Planning Survey
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Name of Agency: Idaho Public Utilities Commission (PUC)

Contact Person, title: Rick Sterling, Staff Engineer

Phone/email: 208-334-0351

Website: <http://www.puc.state.id.us/>

Policies

1. Is any form of long-range electrical resource and/or investment planning required?
 Yes No
2. If yes, what planning processes are going on? (Prompts, if needed: Integrated Resource Planning, Least Cost Planning, Portfolio Management, Transmission and Distribution Planning, Generation Expansion Planning, Long Range Investment Planning, Site Planning, Certificate of Need) [If there is more than one type of process, complete questions for one process at a time. Use separate T&D survey if needed.]

Integrated Resource Planning

3. Please describe IRP (the process). (Who files what, when, how often? Who analyzes filings? Formal docket? Who responds? Who are regular parties? How is it used?)

Idaho's three regulated investor-owned utilities (IOUs) are required to prepare IRPs at 2-year intervals. Each utility is on a slightly different schedule. Individual dockets are opened once plans are filed. Once IRPs are submitted, a public comment period is held; anyone, including commission staff, can submit comments. Although hearings are allowed, historically they have not been held. The IOUs request and are granted a "modified procedure", where all comments must be in writing. Plans are available online at PUC and utilities' websites. The IRPs and the comments go before the Commission, and the Commission will issue an order either acknowledging or not acknowledge the IRP. The process does not approve or acknowledge any specific actions in the plan; those are things that the Commission does at a later time, when the utility actually begins implementing the plan or seeking cost recovery.

Most of the work happens before the plans are filed. Some utilities start work on the plans a year or more before they are filed. PUC staff participate in the planning process. If there are no new resource acquisitions proposed in the IRP, there is often little public interest. The usual parties that might respond to the plans include major

customers, individuals, environmental groups (e.g. Idaho Rivers United) and PUC staff.

4. Is it statewide or utility-specific planning? What types of entities are required to participate?

The process is utility-specific. Cooperatives and municipalities aren't regulated by the Commission and are not required to participate in the IRP process.

5. Is there any relationship between this process and other decisions, e.g. construction permits, likelihood of inclusion or pre-approval of rate treatment for the anticipated resource investments?

Generally those two things are not directly related. The Commission doesn't make any judgment as to prudence of any actions in the plan during the IRP process. Prudence and cost recovery decisions are made later, when the utility comes in seeking approval for a specific project.

6. This form of planning has been required since what date?

Since 1/27/89

7. How is this process enforced, if at all? If a utility does something inconsistent with the Plan, does it have to explain itself satisfactorily to avoid a charge of imprudence? Is it routine for utilities to diverge from a Plan with an explanation? Are there any consequences for non-compliance?

The Commission has passed orders stating that they expect the utilities to follow the plans. They also expect that utilities will deviate from the plans for good cause, and an explanation justifying the departure is expected. Divergence from the plans happens, but not routinely. Because plans are prepared at 2-year intervals, the time frame is generally short enough that when changes occur, they can be anticipated and then captured in the next plan. It generally takes a fairly major event (for example, the extreme price run-up in 2000-2001) to cause utilities to diverge from the current plan.

8. Is anything similar required for non-electric natural gas-related planning?

Yes No

If yes, what is that process called?

IRP is required for gas utilities, but it hasn't always been done regularly. One of the three IOUs is also a gas utility, and they regularly prepare a gas IRP. Another gas utility has prepared some IRPs in the past, but does not file them regularly.

Required Elements

9. Back to IRP (the electric resource process). Which of the following resources must be explicitly evaluated/included:

Generation
Transmission
Distribution
Energy efficiency
Load Management
Other demand side measures
Specific generation (e.g. renewable, distributed)
Others

There is no explicit consideration required of renewables, although it is expected that all reasonable resources will be considered, whether they are renewable or not. Historically, renewable resources have always been considered. Similarly, there is no requirement to consider distributed generation, although it typically gets discussed.

What tests must be included/utilized?

No tests are explicitly required. Typically, the utilities use a variety of tests [ratepayer impact measure, utility cost test, societal cost test, total resource cost test] to evaluate for DSM. For supply resources, typically the net present value of revenue requirement over the lifetime of the plant is used. Although supply and demand side are looked at together, a head to head comparison is not always made. The selection of DSM programs is determined through a separate process.

10. Describe the analysis required by the regulatory body (what is compared to what to make decisions? How are resources compared to each other? Cost with one set of resources vs another, economic, environmental?)

No specific analysis required by any Commission order or policy. The Commission does whatever analysis it deems appropriate, which can vary. Detailed analysis is more likely to be done by the Commission when utilities come in for cost recovery, rather than as part of the IRP process.

In the IRPs themselves, the utilities typically perform analysis that includes risk due to fuel prices, carbon emissions regulations, load-related risk, weather-related risk, and water conditions.

11. Does the process investigate how the employment of one strategy vs. another may increase the consumers' exposure to risk (e.g. natural gas prices)? If so, how?

See Question 10, above

12. Is a comparison of supply or T&D infrastructure and demand side options/resources required? Yes No

This kind of comparison is not explicitly required, but it's almost always done. All three utilities have increased their implementation of DSM programs, probably because EE options have become more cost-effective.

13. The plan's objectives, from the regulatory perspective:

Look at present load and resource position. Define any deficits. Evaluate utility's expected response to potential future events. Evaluate role of DSM and conservation. Examine the risks associated with various alternatives. Identify least cost options in a broad sense (other factors besides cost, e.g. environment, might enter decision.)

14. The plan's objectives, from the utility perspective:

The same as regulatory objectives. The process does not confer any advantage to the utility in later cost-recovery proceedings.

15. Are alternative scenarios analyzed as part of the plan? Yes No
(Prompts if needed: fuel costs, economy, technology shifts, weather)

Yes. Varying water conditions is one of the major scenarios used. Different fuel price scenarios, and different carbon emissions rules are also big ones. Changes in demand are considered in preparing load forecasts.

Are externalities considered? If so, which ones and how are they considered?

Only in an indirect way. Externalities are sometimes mentioned in the plans, but there are no specific Commission rules that say that they should be considered or how they should be quantified.

16. What is the planning horizon?

Two utilities have 20-year horizons. One uses a 10-year horizon.

Length of Energy and Demand forecasts see above

Length of Short-term Action Plan 2 years

17. How often do utilities have to file plans? Update plans? What actually happens?

There is no requirement that the plans be updated, but one utility, Pacificorp, provides an updated report each year in between plans.

18. What monitoring or other processes are used to determine consistency of investments with plans? Are there consequences for non-compliance?

There isn't any specific monitoring of the plans. Individual actions are judged based on their own merits, not based on whether or not they were in the plan.

19. Are environmental issues considered in the planning process? Yes No
If yes, please describe.

Consideration of environmental issues primarily means consideration of future air emissions regulations. Carbon emissions are the big issue right now, but to the extent that other things become more regulated they will be examined, e.g. SO_x, NO_x, mercury.

20. Is reduction or elimination of carbon emissions an issue? If so, how is it dealt with?

Carbon emissions are addressed primarily in the context of risk of future regulation. This is usually done by reaching consensus among participants about a base case assumption for carbon regulations. Then variations on that assumption are examined in risk analysis.

Agency Process

21. Is there a formal acceptance and/or acknowledgement process used for the resource filing? Yes No

Filings are accepted by Commission order.

22. Does the agency hold public hearings on draft/final utility plans? Yes No

If not, describe what does happen.

Typically there are no public hearings. This could be done, but hasn't. There is a public comment process.

If yes, what is the duration of the public hearing process?

23. Other ways the public participates and comments on plans are:
(Prompts if needed: email or mailing lists, interactive web sites)

A public comment period is held. The public can attend any of the advisory group meetings that are held during the discussion and preparation of the plans. Typically the public doesn't attend those, but they are welcome to.

24. What action can the Commission take on the plan(s)?
Review it

- Accept it
Approve it
Reject it
Acknowledge it
Require utility to modify and resubmit it
Other

The Commission can acknowledge or not acknowledge the plans. On occasion, they have directed a utility to address deficiencies in the plan or address specific Commission concerns. Usually if a plan isn't acknowledged, it's for a specific reason and additional information is requested.

25. Have resource acquisition decisions changed as a result of the planning process?
Yes No Not Sure

The utilities could probably provide the best answer to that question. It's certainly influenced the decision-making process. Whether it's changed any specific decisions isn't certain. However, Pacificorp has more wind in their portfolio than they would have had, absent the IRP process. All three utilities probably have more renewables and perhaps more DSM in their portfolios than there otherwise would have been.

26. Are competitive processes used to acquire new resources? Yes No

27. If yes, do you require regulatory review and approval of the competitive solicitations used?

There is no requirement that they solicitations should be submitted and approved before being issued. The solicitations are typically reviewed, but the PUC doesn't approve the solicitation process or the resulting RFPs.

28. Do utilities file an energy efficiency or DSM plan? Yes No

If so, is it separate or integrated with other plans?

All of the utilities submit DSM reports along with their IRP. For two utilities, the reports that are separate from the other IRP documents. One utility includes a conservation plan as part of their main document.

29. Is competitive bidding used to acquire EE resources? Yes No

All three of the utilities have used RFPs to solicit DSM proposals at times, although they don't always do it that way. All the utilities contract with the Northwest Energy Efficiency Alliance (NEEA). NEEA has used both RFPs and Unsolicited Proposal processes. Some programs are done in-house.

30. Does the regulatory agency have open dockets, or is it considering opening a docket investigating any long-range electrical investments? Yes No

31. Citation and description:

There are no open dockets for resource acquisitions right now, but a couple of utilities have RFPs out to acquire new resources. The Commission won't open a docket until the utilities decide what resources are needed and make an application.

32. Are utility plans available on-line? Yes No

If so, what is the address?

Some documents relating to the IRP are available at <http://www.puc.state.id.us/FILEROOM/electric/elec.htm>. The IRPs are always available on the utilities' websites, which can also be reached through the PUC site.

Is on-line publication voluntary or mandatory?

Voluntary

33. Citation and description of State policies (legislation, rules/regs, PUC orders) governing this planning process:

Order 22299 from Case # U-1500-165 (1989)
Order 24729 from Case #GNR-E-93-1 (1993)
Order 25260 from Case #GNR-E-93-3 (1993)

34. Do you anticipate any changes to this process in the near future? Yes No
If yes, please describe.

35. Have there been any recent settlements or orders in rate cases or other dockets that may affect resource procurement or investment incentives? Yes No

36. Does your state do performance-based regulation? Yes No
If so, please describe briefly.

37. If your state uses PBR, is successful compliance with an approved resource plan one of the areas subject to incentives or penalties? Yes No

Are there any regulatory incentives specifically for energy efficiency, other DSM, or renewables? (Examples: lost revenue recovery, shared savings, bonus rate of return)

Yes No

If so, please describe briefly.

Lost revenue recovery has been used occasionally, usually associated with specific programs, not a comprehensive policy. There are no specific rate of return adders used for performance on DSM programs, although they might get considered indirectly. For example, in setting the utility's authorized rate of return, the Commission may factor DSM programs in. There is no formal process for this. For two of the utilities, DSM tariff riders are used to generate funds for DSM programs. Typically, that's where a lot of the incentive comes from for the utility to do programs. With the tariff rider, those utilities get assurance of cost recovery.

38. Do any tariffs include a fuel/purchased power clause? Yes No

If so, how does it work?

There are power cost adjustment mechanisms for two of the utilities. Historically this was done to account for varying hydro conditions, but the mechanisms are also used for fuel costs now, and fuel costs are becoming a bigger piece of the adjustment. It's 90% pass through for both utilities.

39. Does your state have any renewable mandates (e.g. from a legislated standard or goal, or a regulatory settlement or Order)? Yes No

If so, please describe, including how the mandate relates to power vs. RECs.

Can EE or DSM savings be credited toward a utility's renewable mandate?

State Energy Plan

40. Is there a State Energy Plan? Yes No

41. Is it connected to the planning described above? Yes No

42. If yes, who is responsible for the Plan?

There was a plan 20 years or more ago, but it's not applicable today, and there is no current plan.

43. What is included in the Plan, apropos of long-range electrical planning?