

October 28, 2020

Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Executive Order 20-04
Idaho Power Company's Comments on the Oregon Public Utility
Commission's Draft Work Plans

Idaho Power Company ("Idaho Power" or "Company") appreciates the opportunity to comment on the Public Utility Commission of Oregon's ("Commission" or "OPUC") draft work plans dated September 22, 2020, developed in response to Governor Brown's Executive Order 20-04 ("EO" or "EO 20-04").

The Company is deeply committed to the three core tenets of EO 20-04—reducing greenhouse gas (GHG) emissions, inclusion of and support for impacted communities, and comprehensive wildfire prevention and mitigation planning. And Idaho Power supports the OPUC's goal of working within existing dockets and activities to accomplish the EO's objectives. The Company agrees that a streamlined approach offers the best opportunity to achieve key objectives while minimizing duplication of effort.

Below the Company offers specific comments on the five proposed workplans: (1) GHG Reduction Activities: Utility Planning, (2) GHG Reduction Activities: Utility Services and Activities, (3) GHG Reduction Activities: Transportation Electrification, (4) Impacted Communities, and (5) Wildfire Prevention and Mitigation.

GHG Reduction Activities: Utility Planning

The primary objective of the Utility Planning work plan is to "place the regulated utilities on a sustainable pathway toward achieving" a 45 percent reduction in greenhouse gases from 1990 levels by 2035¹. To that end, the OPUC has identified a number of "planning activities"—in particular, the integrated resource planning (IRP) process—

¹ EO Draft Work Plans, p. 2.

through which it aims to accomplish three outcomes: (1) Increased awareness by investor-owned utilities of their GHG emissions, (2) Ensuring accountability to state goals, and (3) Simplification of engagement for all stakeholders².

Idaho Power has demonstrated a commitment to the objectives of the EO through its own stated goal of delivering 100 percent clean energy by 2045.³ Further, the Company estimates that its 2019 carbon emissions are roughly 32 percent below 1990 levels,⁴ and the Company's anticipated exit from all coal-fired generation by 2030⁵ is expected to result in Idaho Power achieving carbon emissions reductions in excess of 45 percent below the Company's 1990 levels by the end of the decade. This timeline would have Idaho Power on track to achieve the EO's emissions reductions objectives earlier than 2035.

Considering the progress already made to-date by Idaho Power, as well as planned GHG reductions over the coming years, the Company does not require additional incentives to achieve significant emissions reductions. Nevertheless, the Company recognizes that utility planning involves evaluating resource decisions beyond the goal date of the EO. As such, the Company considers the IRP process a reasonable place to evaluate and analyze a utility's future carbon emissions and offers the following comments on specific elements outlined in this work plan:

Section 1: Integrated Resource Plans

The IRP process is a logical place to evaluate a utility's projected emissions reduction pathway. In fact, Idaho Power already conducts carbon price sensitivities in its IRP analysis and produces an annual carbon-emissions forecast for each resource portfolio in the IRP. Sensitivity analysis is a reasonable way to explore the costs and benefits of achieving specific carbon goals by a target date. In contrast, a carbon-constrained analysis or an analysis in which a high cost of carbon is used as the baseline are not realistic foundations for assessing least-cost, least-risk resource portfolios. Idaho Power believes carbon considerations are most appropriate within a sensitivity analysis and, as such, could support the work plan's proposal to include a 12x24 matrix of emissions by portfolio, as listed in the Portfolio Development section.⁶

² EO Draft Work Plans, p. 3.

³ Read more about Idaho Power's Clean Today. Cleaner Tomorrow ® commitment to clean energy: <https://www.idahopower.com/energy-environment/energy/clean-today-cleaner-tomorrow/>

⁴ Idaho Power's carbon dioxide emissions in 2019 were approximately 4.4 million short tons compared to approximately 6.5 million short tons in 1990.

⁵ See Idaho Power's Second Amended 2019 IRP, p. 15

⁶ EO Draft Work Plans, p. 4.

The work plan identifies a variety of potential emissions-related analyses under two additional sections titled Forecasting and Decarbonization. Generally, Idaho Power does not believe analyses outlined in these sections would provide greater clarity or benefit than those actions identified in the Portfolio Development section. In particular, the Company considers proposed metrics such as carbon intensity per customer class to provide little additional value, as the measure would be generalized to a large group of customers and would not offer actionable or meaningful information that might inform Idaho Power's resource decisions.

Additionally, the Company asks for greater discussion and clarity around actions in the Decarbonization section. For example, Idaho Power requests additional information on which resources are being referenced in the proposal to "always include an assessment of non-emitting, baseload generation resources in preferred portfolio development."⁷ In the IRP process, Idaho Power already assesses a variety of clean, baseload resources but would like to understand whether the Commission is proposing evaluation and inclusion of less-commercial technologies such as green hydrogen. Similarly, the Company would ask for clarity around consideration of the "distribution grid as a decarbonization resource,"⁸ as the distribution grid is not and cannot be viewed as a single resource for the purposes of portfolio analysis.

The Stakeholder Engagement action item calls on utilities to "host decarbonization plan workshops" with stakeholders.⁹ While Idaho Power is always in favor of constructive communication with stakeholders, a specific requirement stemming from this item could be duplicative of conversations Idaho Power already conducts in IRP Advisory Council (IRPAC) meetings, which are held with stakeholders to collect input leading into the IRP process.¹⁰

Another item discussed in this work plan is the inclusion of the Social Cost of Carbon (SCC) in future IRPs. Idaho Power would point out that carbon pricing is already a key component of its IRP analysis. The Company develops portfolios under three different carbon price futures—a planning case carbon cost, a generational carbon cost, and a high carbon cost.¹¹ In fact, Idaho Power's Preferred Portfolio in its *Second Amended 2019 IRP* was built from a planning carbon case.

⁷ EO Draft Work Plans, p. 5.

⁸ Id.

⁹ Id.

¹⁰ Idaho Power anticipates hosting IRPAC meetings for its 2021 IRP during much of 2021.

¹¹ See Idaho Power's *Second Amended 2019 IRP*, p. 106, for details about each carbon case.

Because Idaho Power is already set to achieve the EO's carbon emissions objective ahead of time and considering that its IRP process already employs a variety of carbon price considerations, additional carbon pricing requirements are not necessary. The proposals addressed in this work plan seem best suited for companies that need additional support to meet the EO's objectives.

Section 2: Identify Carbon Price Approaches

As noted above, Idaho Power already employs carbon pricing in its IRP. It does so with the belief that state and/or national policies related to climate change and/or the cost of carbon are likely to develop and evolve. If the goal of carbon pricing is to inform resource selection, then the IRP process is the most suitable place for such considerations. To avoid duplication of efforts, Idaho Power believes that carbon pricing discussions should remain within the IRP process.

Section 3: Incorporate Social Cost of Carbon (SCC) in Avoided Cost Filings

Idaho Power appreciates that the OPUC is considering a variety of avenues for achieving the objectives of the EO. However, the Company does not support the inclusion of SCC in avoided costs. The Company believes that avoided costs should continue to be based on known and measurable costs and/or market-based prices. While the Company understands the desire to consider the carbon impact of resource alternatives, avoided cost is not the place to accomplish this objective.

For an electric utility, the energy and capacity components of avoided cost are known—that is, they are based on market prices or the actual cost of utility resources. Inclusion of a social cost of carbon, absent a federal or state-level mandated carbon price, would constitute inclusion of a speculative value, and would act to increase the price paid to Qualifying Facility (QF) projects beyond the utility's actual avoided cost. Inclusion of speculative amounts would continue to distort what avoided cost is meant to measure, which is the incremental cost to the utility of the electric energy, which, but for the purchase from the QF, the utility would otherwise generate or purchase from another source. Distortions that result in inflation of avoided costs ultimately harm customers, who end up paying more for electricity than they would have otherwise paid for the utility to either generate itself or purchase elsewhere.

Further, Idaho Power's avoided energy costs stem from market price output of IRP modeling, which is based on the Western Electricity Coordinating Council (WECC) and/or Mid-C market indices. The WECC includes western Canada, where a carbon price exists.

As a result, market prices in the WECC or from Mid-C indices inherently reflect a price on carbon. The further addition of carbon pricing by the OPUC would constitute double counting.

Should the Commission choose to implement this approach, the Company asks to proceed with caution and via appropriate proceedings. The relative merits of changing the calculation of avoided cost should be debated among all interested stakeholders in a formal setting, such as the UM 2000 avoided cost methodology docket that is currently open at the Commission.

Section 4: Procurement

Under the Procurement section, the work plan notes that the OPUC will explore incorporating GHG reduction benefits as a “non-price scoring factor” in RFPs.¹² Idaho Power sees the value in understanding the potential greenhouse gas impact of added resources. However, the Company believes that resource selection should be based on cost and demonstrated need. Further, RFPs stem from resources already identified in the IRP process. If the Commission adopts elevated or expanded emissions tracking in the resource planning process, then the carbon impact of an identified future resource should already be known—and adding it as a factor in the RFP process would be redundant.

GHG Reduction Activities: Utility Services and Activities

The Utility Services and Activities work plan identifies a range of actions and adjustments related to customer programs and distribution system activities. Given the diverse nature of these efforts, Idaho Power offers comment on each of the four focus areas:

Focus Area 1: Establish community-wide green tariffs targeted toward reducing utilities’ GHG emissions

The idea of a “community-wide green tariff” would need to be vetted to ensure that any customers within or outside a “community” would not be adversely financially harmed through participation or non-participation. The Company supports the Commission’s stated goal of providing “guidance” on offering green tariffs but would also ask that that guidance place customer equity at the forefront of the discussion. Idaho Power is intrigued by the concept of green tariff programs but has envisioned that such a program would be made available to customers on an individual basis.

¹² EO Draft Work Plans, p. 8.

Idaho Power is particularly concerned with the idea of designing a program that would segment its limited Oregon customer base into small groups. Without careful design, a “community” program could create cost-shifting to non-participating customers, many of whom are at or below the poverty line.¹³ Given the potential for economic inefficiencies and the likely financial burden on unwitting customers, Idaho Power believes that an individual and voluntary program offering—which Idaho Power already provides through its Green Power Program—is the best option for customers interested in green energy.

Focus Area 2: Consider how to prioritize actions that streamline and modernize safe, reliable methods to connect clean resources.

The work plan identifies UM 2005, the distribution system planning proceeding, as a vehicle for achieving this objective. The goal of integrating clean resources in a streamlined, safe, and reliable way is surely an objective on which all parties can agree. But Idaho Power would like to note the omission of a key consideration: cost-effectiveness. As Idaho Power has explained in the UM 2005 process, the Company evaluates all alternatives—including non-wires solutions—when it assesses distribution system upgrades. If a non-wires solution proves to be the most cost-effective solution and maintains or enhances reliability, then the Company will pursue it. However, the specific needs of the system and the ability to serve customers reliably and affordably should determine the technology choice, not the other way around.

Focus Area 3: Consider how to quantify and incorporate measurable co-benefits beyond energy and financial benefits into initiatives.

The work plan identifies a number of potential “co-benefits” that might be considered in evaluating new utility pilot programs, including GHG emissions reductions, local air quality improvements, health benefits, and reduction of energy burden.¹⁴ The Company does not support the quantification and inclusion of such benefits in program financial decisions and would again draw the Commission’s attention to the unique nature of Idaho Power’s customer base in Oregon. Idaho Power is cautious and mindful about program costs that could adversely impact non-participating customers, many of whom are at or below the poverty line. Additionally, the Company has fewer than 20,000

¹³ According to the United States Census Bureau, the percentage of persons in poverty in Ontario, Oregon, the largest town in Idaho Power’s Oregon service area, is 30.8 percent. Data derived from US Census Bureau. Median Household Income (in 2018 inflation-adjusted dollars). 2014-2018 American Community Survey 5-year estimates.

¹⁴ EO Draft Work Plans, p. 13.

customers in Oregon—the assessment of “co-benefits” could be significant work for minimal impact, as there are too few program participants to yield meaningful data.

Focus Area 4: Measure GHG reduction impacts of existing customer programs, such as community solar.

Idaho Power would support the inclusion of GHG reduction impacts in the reports it compiles for programs such as community solar. But the Company, once again, notes that its small customer base in Oregon translates to limited participation in customer programs. In turn, the identified GHG reduction impacts of these programs are small.

GHG Reduction Activities: Transportation Electrification

Idaho Power understands the importance of electrifying the transportation sector as a pathway to lowering GHG emissions. Further, the Company supports the Commission’s goal of holding public workshops to gather input on the expansion of transportation electrification (“TE”).

Idaho Power has fewer than 20,000 customers and a total of 29 electric vehicles (“EV”) in its Oregon service area.¹⁵ As described in Idaho Power’s TE Plan and program filings, TE is essentially nonexistent in the eastern Oregon region. The current state of the market and existing market barriers—most notably the cost of EVs and other TE technology—illustrate the ways in which Idaho Power differs from other Oregon investor-owned utilities with respect to TE expansion. While the Company believes that progress is being made in terms of awareness and education, Idaho Power expects that the adoption of TE will take longer than in urban areas. Consequently, the Company would like to be mindful of decisions made around the expansion of TE.

One of the TE work plan goals is to “update investment approaches” and create new “cost-effectiveness methodologies.”¹⁶ Idaho Power would ask for careful examination of any new TE cost methodologies to ensure that cost shifting does not occur among customers. Once again, the Company is sensitive to cost changes that could adversely impact its limited customer base in Oregon.

In terms of “improving data collection by utilities”—a goal outlined in the work plan—Idaho Power would ask the OPUC to consider that such tracking and data collection only be required upon a certain level of EV adoption. Tracking data on EV

¹⁵ <https://www.oregon.gov/deq/FilterDocs/CFP-electricvehicles.pdf>, p. 3.

¹⁶ EO Draft Work Plans, p. 18-19.

charging behavior, interconnection timelines and expense, and grid integration, as well as surveys of customer EV awareness, are best reserved for areas with a baseline level of EV activity. With its mere 29 EVs in its Oregon service area, Idaho Power would argue that EV adoption would need to significantly expand for the effort and expense of such data collection to provide meaningful, actionable information.

Impacted Communities

Inclusion and protection of “impacted communities” is an important Commission objective that Idaho Power supports. To better inform the Company’s thinking on diversity and inclusion with respect to its customers, Idaho Power would ask the Commission for a working definition of an “impacted community.” The Company could conceive of a number of lenses through which to identify an impacted community, including but certainly not limited to socio-economics, under-represented populations, and proximity to environmental hazards, as well as communities affected by intersectionality of these issues.

Idaho Power is particularly interested in the conversation around impacted communities, as many of the Company’s customers in Oregon could fall under this designation. As previously stated, Idaho Power is sensitive to issues that would financially impact its Oregon customers. As reference, Idaho Power has fewer than 14,000 residential customers in Oregon, primarily residing in Malheur County. According to the United States Census Bureau, Malheur County has a poverty rate of approximately 21 percent, and the median household income is approximately \$35,000—well below the median income for the state of Oregon, which is approximately \$50,000.¹⁷ As a result, Idaho Power customers in Oregon are more sensitive to changes in economics, including what they pay for energy.

In terms of customer engagement, Idaho Power has conducted significant outreach with its customers on issues ranging from distribution system upgrades to expanded payment options stemming from the COVID-19 pandemic. And while the Company is supportive of additional efforts to engage and protect impacted communities, the Company would ask that any efforts that might further segment its Oregon customers also consider potential unintended consequences, such as inclusion or protection of one subset of customers adversely impacting another set of customers with similar or increased financial vulnerabilities.

¹⁷ Data derived from US Census Bureau. Median Household Income (in 2018 inflation-adjusted dollars). 2014-2018 American Community Survey 5-year estimates.

Wildfire Prevention and Mitigation

Idaho Power supports the two objectives outlined in the wildfire prevention and mitigation work plan: (1) Creation of rules requiring utilities to develop wildfire mitigation plans and (2) the ongoing facilitation of the Oregon Wildfire and Electric Collaborative (“OWEC”).¹⁸

The Company has proactively taken steps to develop a wildfire mitigation plan (“Plan”), which is in the final stages of completion. Earlier this year, the Company hired an external consultant to identify and analyze geographic risk zones across Idaho Power’s service area. These zones form the basis of the wildfire mitigation plan, which acknowledges that wildfire risk is changing and identifies actions that will be taken by the Company to manage and mitigate existing and emerging wildfire risk. Considering these proactive measures, the Company believes it has already met the objectives of a future rulemaking, as outlined in the OPUC’s wildfire mitigation work plan.¹⁹

The Company certainly supports an open and inclusive public process to inform rules around utility wildfire mitigation plans. However, Idaho Power would ask that any rulemaking effort first acknowledge the significant steps the Company has already identified to mitigate wildfire risks. Further, the Company would request that the rulemaking allow for flexibility, acknowledging that the utilities across Oregon are diverse in their geography, topography, and ecology; density of population and structures; and extent of customers in the wildland-urban interface. Given this diversity, utilities are likely to identify a range of appropriate vegetation management practices, maintenance cycles, and wildfire mitigation activities that are specific to them and their customers.

Finally, Idaho Power is in support of the OWEC forum and has been an active participant from the start of the collaborative. The Company will continue to participate to learn and exchange best practices. To further guide and inform these collaborative conversations, Idaho Power supports the inclusion of emergency responders. Engagement with and coordination among fire departments, police, emergency medical technicians, and critical services is vital during fire and other emergency situations.

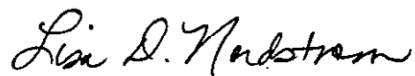
¹⁸ EO Draft Work Plans, p. 28.

¹⁹ Id.

Conclusion

Idaho Power recognizes the substantial work that went into the drafting of these proposed work plans. The Company appreciates the opportunity to comment and looks forward to further discussion on efficient and effective ways to help achieve the objectives outlined in Governor Brown's Executive Order 20-04.

Sincerely,



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