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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION STAFF'S APPLICATION TO UPDATE INPUTS TO THE SURROGATE AVOIDED RESOURCE ("SAR") METHOD AND SAR-BASED AVOIDED COST RATES	)	**CASE NO. AVU-E-26-04** **APPLICATION**

Pursuant to Idaho Public Utilities Commission ("Commission") Rule of Procedure 52, the applicable provisions of the Public Utility Regulatory Policies Act of 1978, and as directed by Order No. 34628, Commission Staff ("Staff") respectfully applies to the Commission for an order updating the Surrogate Avoided Resource ("SAR") Model, approving the resulting avoided cost rates, and establishing a new processing timeline for the annual update moving forward.

In support of this Application, Staff represents as follows:

I. BACKGROUND

1. The Commission calculates and publishes SAR-based avoided cost rates for qualifying facilities that are under the applicable resource type project eligibility cap. In Order No. 32697, the Commission found it was appropriate to annually update the SAR Model with the natural gas price forecast from the Mountain Region Reference Case in the U.S. Energy Information Administration ("EIA") Annual Energy Outlook.

2. Subsequently, the Commission issued Order Nos. 32737 and 32802 to clarify that

the annual update of the EIA gas price forecast in the SAR Model should occur on June 1 or within 30 days of the final release of the EIA Annual Energy Outlook, whichever is later. Order No. 32737 at 7 and Order No. 32802 at 3. Since the EIA usually releases its Annual Energy Outlook before the month of May, the update in the SAR Model traditionally occurs on June 1.

II. FORECASTED NATURAL GAS PRICES

3. The EIA published the Annual Energy Outlook 2026 on April 8, 2026, which includes a natural gas price forecast through 2050 from the Mountain Region Counterfactual Baseline Case.[1] Staff updated the SAR Model using the forecast through 2050.

III. EXTRAPOLATED NATURAL GAS PRICES

4. The SAR Model calculates 30 years of avoided cost rates (Column L through T of Tab "AVOID NEW"), allowing the potential for Idaho's electric utilities to offer a full, 20-year contract term when the first online year starts at least five years later than the current year. However, the EIA currently only forecasts 25 years of natural gas prices through 2050 (Column I of Tab "AVOID NEW"). The model is intended to extrapolate EIA's forecast beyond its forecasted time horizon using the last 10 years of data, which includes the EIA's forecast and the extrapolated natural gas prices (Column N of Tab "AVOID NEW"). However, the current calculation in the SAR Model does not generate natural gas prices beyond the EIA time horizon, which results in the lack of fuel costs in the avoided cost of energy for these additional years. To rectify this shortcoming, Staff modified the calculations to generate 30 years of natural gas prices and the resulting fuel costs. For example, the natural gas price and the resulting fuel cost in 2055 is based on the EIA forecast from 2041 through 2050 and the extrapolated natural gas prices from 2051 through 2054.

5. Staff also extended the data on Tab "Input - Avista IRP" and Tab "Input - Load and Resource" to match the extrapolation period.

IV. UPDATED SAR MODEL AND AVOIDED COST RATES

6. Staff incorporated the changes discussed above into the SAR Model (Attachment C) and calculated the avoided cost rates for new contracts (Attachment A) and the avoided cost rates for replacement contracts (Attachment B). The updated SAR Model and the resulting avoided cost rates are included as attachments to this Application:

[1] The Counterfactual Baseline Case was formerly known as the Reference Case. Annual Energy Outlook 2026: Case Descriptions at 3. https://www.eia.gov/outlooks/aeo/assumptions/pdf/case_descriptions.pdf

A. Attachment A - Avista Avoided Cost Rates for New Contracts

B. Attachment B - Avista Avoided Cost Rates for Replacement Contracts

C. Attachment C - Surrogate Avoided Resource Model 2026 Annual Gas Update (AVU)

Staff recommends that the Commission issue an order updating the SAR Model and approving the resulting avoided cost rates.

V. NEW PROCESSING TIMELINE

7. As demonstrated in Table No. 1 below, the EIA has changed the publishing time of the Annual Energy Outlook from the first quarter to the second quarter over the past few years, which makes it difficult for the annual update to meet the effective date of June 1.

Table No. 1: Publishing Dates of Annual Energy Outlook

Annual Energy Outlook Versions	Publishing Dates
2020	January 29, 2020
2021	February 3, 2021
2022	March 3, 2022
2023	March 16, 2023
2024	EIA did not publish it.
2025	April 15, 2025
2026	April 8, 2026

8. Staff recommends that the Commission require Staff to initiate the annual update case within one month of the publishing date, with an effective date within three months of the publishing date. Staff also recommends that the Commission adopt the same effective date for all three Idaho regulated electric utilities (i.e. Avista, Idaho Power, and Rocky Mountain Power) each year.

VI. MODIFIED PROCEDURE

9. Staff believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed by Modified Procedure; i.e.,

by written submissions rather than by hearing. RP 201, *et seq*. If, however, the Commission determines that a technical hearing is required, Staff stands ready to prepare and present its testimony in such hearing.

VII. COMMUNICATIONS AND SERVICE PLEADINGS

10. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

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VIII. REQUEST FOR RELIEF

Staff respectfully requests the Commission issue an order: (1) authorizing this matter to be processed by Modified Procedure; (2) updating the SAR Method model as described herein and approving the updated SAR Method avoided cost rates shown in the attachments to this Application; and (3) requiring Staff to initiate the annual update case within one month of the publishing date moving forward, with an effective date within three months of the publishing date for all three Idaho regulated electric utilities.

Respectfully submitted this 5th day of May 2026.

Jeffrey R. Loll
Deputy Attorney General

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5th day of May 2026, I served the foregoing **STAFF'S APPLICATION TO UPDATE INPUTS TO THE SURROGATE AVOIDED RESOURCE ("SAR") METHOD AND SAR-BASED AVOIDED COST RATES**, in Case No. AVU-E-26-04, Via Electronic Mail to the following:

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