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POLICY GROUP, INC.**



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**Idaho Power
Company
2009 Integrated
Resource
Plan (IRP)
Advisory
Council (IRPAC)**

Tour: *On the Monday preceding the IRPAC meeting, IPCO sponsored an informative tour of its C.J. Strike Dam hydro-power facility, the Bennett Creek Wind Farm, and Danskin Gas Thermal plant. Participants had the opportunity to see how IPCO integrates its resources to meet electrical demand.*

Water Supplies: For the first time Idaho Power Company will address the potential impacts from fish flow augmentation and declining spring levels below Milner in calculating water supply in its IRP process. Proposed relicensing and operational constraints to the Hells Canyon Complex, Swan Falls litigation and ongoing water disputes on the Eastern Snake Plain Aquifer all contribute to what company representatives term the “decline of the resource.” While acknowledging that these factors are as much a matter of public policy as water supply or water quality, IPCO said their potential impact to hydropower generation must be assessed in the IRP.

What is most likely a reasonable and legitimate exercise to identify all possible risks to the hydropower system become somewhat suspect when Vince Alberdi begins the discussion. Alberdi, a current IRPAC member, is also the retired manager of the Twin Falls Canal Company (TFCC) and a vocal representative of the Surface Water Coalition (SWC). His highly biased presentation reflects views that TFCC, the SWC and IPCO, have unsuccessfully tried to address in the courts, Idaho legislature and Department of Water Resources. Idaho Ground Water Appropriators challenged Alberdi’s presentation and is discussing the opportunity to provide another perspective to the issues on the ESPA at a future meeting.

Water conflicts that potentially impact generation range from legal challenges of the minimum stream flows to the recharge as part of the state’s Comprehensive Aquifer Management Program (CAMP), Endangered Species Act listings for salmon, bull trout and snails, FERC’s 401 certification requirements and Brownlee’s Total Maximum Daily Load (TMDL) for water temperature. The company says these and other issues like them have a “profound effect” on what it gets out of the hydro-power system. It limits their ability to fully utilize generation facilities and the company must then replace any lost capacity with other resources.

Mitigation is costly both in terms of dollars and the potential environmental impacts associated with a shift from hydropower to fossil fuels. With those costs ranging between \$500 million to over \$1 billion, keeping water in the river is understandably a priority. The most significant impacts from declining aquifer and spring flows are projected to occur between 2011 and 2014. After that, there is some indication that flows could level off, perhaps even equilibrate.

At the earliest, FERC may issue a new HCC’s license by 2011. Meanwhile, IPCO is proposing other measures to ensure that the river is “managed appropriately.” Proposed measures are aimed at demand reduction, habitat and riparian improvements, temperature reduction or lowering the TMDL requirements, recharge and weather modification (i.e. cloud seeding). The estimated cost of \$3 million per year for up to 40 years is considered more reasonable for ratepayers than some of the alternatives.

Following the discussion on water supply, the company took a forward look at the highly uncertain economic situation and its potential impacts to the company, future demand and its customers. To date the company has only added 4400 new customers this year, a significant decrease from recent years. Irrigation load, air conditioning, and a volatile, weather-related winter peak are expected to remain challenging at least for on-peak hours. Low rates for both electricity and natural gas and economic volatility in states like California are sometimes factors in attracting new businesses to southern Idaho. The projection is that a number of those businesses would have energy requirements of 25 MWs or less.