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UTILITIES COMMISSION

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July 6, 2022

VIA ELECTRONIC FILING

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd., Bldg 8,
Suite 201-A (83714)
PO Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-22-06
In the Matter of Idaho Power Company's Application for Approval of a
Replacement Special Contract with Micron Technology, Inc. and A Power
Purchase Agreement with Black Mesa Energy, LLC

Dear Ms. Noriyuki:

Attached for electronic filing is Idaho Power Company's Reply Comments in the above-entitled matter.

Please feel free to contact me directly with any questions you might have about this filing.

Very truly yours,

Donovan E. Walker

DEW:sg
Enclosure

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR)	CASE NO. IPC-E-22-06
APPROVAL OF A REPLACEMENT)	
SPECIAL CONTRACT WITH MICRON)	IDAHO POWER COMPANY'S
TECHNOLOGY, INC. AND A POWER)	REPLY COMMENTS
PURCHASE AGREEMENT WITH BLACK)	
MESA ENERGY, LLC.)	
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Idaho Power Company ("Idaho Power" or "Company") hereby respectfully submits the following Reply Comments in response to Comments filed by Staff ("Staff") of the Idaho Public Utilities Commission ("Commission") in the matter of the Company's application for approval of a replacement special contract with Micron Technology, Inc. ("Micron") and a power purchase agreement ("PPA") with Black Mesa Energy, LLC. ("Black Mesa").

The Company is grateful for the opportunity to offer Reply Comments in this case and appreciates the review and considerations raised by Staff in this case, as well as the two Clean Energy Your Way ("CEYW") dockets with similar framework principles currently

under review by the Commission.¹ Prospective and current Idaho Power customers such as Micron have expressed a desire to pursue corporate clean energy goals and the Company has worked diligently alongside these customers to develop a framework that will meet their specific needs while at the same time safeguarding the interests of non-participating customers. The Micron Energy Services Agreement (“ESA”) mirrors the regulatory framework set forth in the CEYW - Construction offering (as outlined in Idaho Power’s Application with the Commission in Case No. IPC-E-21-40) and reflects both Micron’s system costs and benefits from participation.

As a point of initial clarification, Idaho Power would like to address Staff’s statement that “Black Mesa was one of the resource proposals submitted **and selected** to meet the Company’s 2023 deficit.”² Black Mesa’s solar generation resource was not selected by Idaho Power as a capacity resource to meet the 2023 deficit through the request for proposal process; only the 40 megawatt (“MW”) Black Mesa battery storage component was selected. The 40 MW solar PPA added to Idaho Power’s system will meet Micron’s renewable **energy supply needs**. Micron’s participation in the CEYW program provides value to all non-participants because Micron is paying for all output from that energy resource that will fuel an Idaho Power-owned **capacity resource** (energy storage project) serving all customers, and in turn Micron will appropriately receive benefit through excess energy and capacity payments.

¹ The Company filed an *Application to Expand Optional Customer Clean Energy Offerings Through the Clean Energy Your Way Program*, Case No. IPC-E-21-40, on December 2, 2021 which outlines the overall pricing framework of the CEYW program.

Idaho Power filed an *Application for Approval of Special Contract and Tariff Schedule 33 – Brisbie LLC Data Center Facility*, Case No. IPC-E-21-42 which is the first customer application of the proposed CEYW – Construction option.

² Staff Comments, pg. 14.

Idaho Power recognizes that Micron's ESA, and the broader proposed CEYW - Construction option constitutes a new framework—one that is necessary to incorporate the renewable resources options that customers are requesting of Idaho Power. This framework is distinctly different from traditional Special Contracts the Commission has previously authorized.

Through Micron's no-harm analysis, Idaho Power validated that the pricing and compensation structure as proposed in the ESA does not shift costs to other Idaho Power customers. As noted by Staff, Micron's no-harm analysis shows the ESA could provide up to \$4.1 million of benefit to non-participating customers over a 20-year period.³ The Company acknowledges Staff's concern that the no-harm analysis relies on a single set of input assumptions and that Staff would like to see a range of values for different risk variables.⁴ It is important to recognize that the Company's no-harm analysis conducted for the Micron ESA applies the same analytical rigor as that applied for the IRP process. In fact, Idaho Power's Micron ESA no-harm analysis used the 2021 IRP preferred portfolio as a base case. The Company then, using the same 2021 IRP planning assumptions, created an alternate future scenario with the Micron-specific resource added to develop alternative portfolio costs for comparison purposes. Finally, by layering on the share of revenue requirement assigned to Micron and all other customers with and without the revised ESA to the respective portfolio cost scenarios, Idaho Power can reasonably determine the present value system revenue requirement impact - in this case indicating a positive benefit to the system. While Idaho Power is confident in its no-harm analysis

³ *Id.*, p. 16.

⁴ *Id.*, p. 16.

method and its results in this case, the Company anticipates coordinating with Staff to better understand their concerns related to the no-harm analysis and will look to begin those discussions in the near-term.

Given the extensive effort that Idaho Power and Micron undertook to ensure just and reasonable pricing and credit components, the Company respectfully requests that the Commission approve (1) the Micron ESA with acceptance of certain Staff recommendations, as explained in the sections below, and (2) the Black Mesa PPA as filed.

I. **BACKGROUND**

On March 10, 2022, Idaho Power filed its application with the Commission for approval of a (1) revised Special Contract for Micron, and (2) a renewable resource PPA that has been executed on Micron's behalf. Micron is a current Special Contract customer of Idaho Power, first taking service under a Special Contract agreement in August 1995. Micron's Special Contract has been amended, extended, and replaced to arrive at the current Special Contract in effect since December 2009.

Micron has a renewable energy goal of using 100 percent renewable energy to support its U.S. manufacturing operations by calendar year 2025. These forms of renewable energy goals are increasingly common, albeit with varying compliance dates. As proposed in the Company's Application, Idaho Power and Micron negotiated pricing associated with existing retail electric service from the Company, cost and credit components associated with the renewable resources that will support Micron's operations, and the terms and conditions governing the structure of incorporating the CEYW – Construction option framework. To validate the proposed pricing structure, Idaho

Power conducted an analysis to validate that the provisions of the ESA would not shift costs to other Idaho Power customers.

The Micron ESA is consistent with and mirrors the regulatory framework set forth in the CEYW - Construction option, as outlined in Idaho Power's Application with the Commission to establish new clean energy offerings for customers (Case No. IPC-E-21-40). In that Application, Idaho Power states its belief that it can work with existing or future Special Contract customers to integrate renewables into their service agreement with the Company. Under the proposed CEYW – Construction option, Idaho Power will work with customers to develop a Renewable Construction Agreement--the document that governs all pricing for Company electric service and the customer's accompanying renewables. For Micron, the Renewable Construction Agreement is incorporated into its proposed ESA.

In addition to approving the modified ESA and Schedule 26, Idaho Power requested explicit approval of several specific components of a regulatory framework designed to implement and administer Micron's Special Contract with its supporting renewables: 1) authority to procure renewable resources for the purpose of supporting Micron's energy use under a standard procurement agreement, 2) the cost basis and pricing structure for the supply of retail electric service by Idaho Power, 3) the compensation structure for excess renewable energy generation and capacity contribution of the renewable resources, 4) authorization to treat bill credits provided to Micron under the proposed compensation structure as prudently incurred expenses for ratemaking purposes, and 5) the cost recovery mechanisms necessary to protect existing Idaho Power customers from cost-shifting and ensure Idaho Power has an opportunity to

recover its cost of service.

II. REPLY COMMENTS

In its Comments, Staff recommends (1) approval of the Micron ESA contingent on several proposed modifications to the ESA or Schedule 26, and (2) approval of the Black Mesa PPA. Considering the unique nature of the Micron ESA to incorporate the CEYW – Construction option framework in Micron’s existing ESA, Idaho Power was encouraged that Staff and the Company are aligned on the majority of the components and constructs in the Application.

Black Mesa PPA

With respect to the Black Mesa PPA, the Company appreciates Staff’s recommendation for approval.⁵ Because nearly the entirety of Staff’s Comments is centered on recommendations for the ESA or future PPAs, the Company highlights a critical requirement in the Black Mesa PPA for Commission approval by August 1, 2022, otherwise the Scheduled Commercial Operation Date may be at risk. The Black Mesa PPA is not projected to generate Excess Generation, a concern Staff raised with respect to Excess Generation being substantial with the potential for Micron to meet 110 percent of their annual energy requirements through the CEYW offering.⁶ This concern is not applicable to the initial Black Mesa 40 MW resource in this filing; in the Company’s evaluation of energy requirements there were no hours of Excess Generation based on Micron’s load and the 40 MW Black Mesa solar resource. Hearing no objection from Staff for approval of the Black Mesa PPA, and because concern is associated with future

⁵ Staff Comments, pg. 5.

⁶ *Id.*, pg. 10.

Commission PPA authorization, the Company respectfully requests the Commission approve the Black Mesa PPA before or on August 1, 2022 to meet the critical timing necessary for resource in-service by June 1, 2023. Should the Commission determine there are additional considerations for treatment of future PPAs or that modifications to the Micron ESA are necessary, Idaho Power recommends the Commission order Idaho Power to address those items and file a replacement ESA and Schedule 26 within 90 days following a Commission order for approval of the Black Mesa PPA. This process will ensure that concerns related to future PPAs or terms contained in the ESA do not impede Black Mesa from meeting the June 1, 2023 in-service date.

Micron ESA and Schedule 26

Idaho Power supports Staff's recommendation to approve the Micron ESA. However, as the Company has outlined in both the CEYW and the Brisbie cases, the Company respectfully disagrees with some of Staff's proposed modifications and the rationale to support them.

Though the Company's position for specific application of certain elements of the CEYW pricing framework differs from Staff's recommendations, it should be noted that Idaho Power and Staff are generally aligned on overarching pricing philosophy which includes: 1) continued collection of system costs consistent with cost-of-service principles, 2) attribution of renewable resource Renewable Energy Certificates ("REC") to the CEYW participant, 3) provisions in the PPA to mitigate stranded-asset risk and financial ability to pay, and 4) recognition that a CEYW renewable resource provides system energy and capacity value for which the participant should be compensated. In this case, Staff recommends several modifications to the CEYW framework presented in

the ESA that are generally consistent to its positions in the CEYW and Brisbie cases. As such, Idaho Power's responses, rationale, and positions in support of the proposed framework in this case are similar to those raised in the CEYW and Brisbie cases, where applicable.

For the new components of this ESA necessary to incorporate renewable resource procurements, namely, compensation for those renewable resources, Idaho Power sought to establish crediting mechanisms that would reasonably and fairly reflect the energy and capacity value of the new resources to Idaho Power's system. The Company shares Staff's desire to apply some level of methodological consistency when valuing energy and capacity on Idaho Power's system. However, in the development of the proposed ESA, the Company was also mindful that the transaction with Micron is dissimilar to power purchases under PURPA.

Unlike PURPA projects, the Micron-associated resources will be fully negotiated additions to the Company's generation portfolio. These resources will be procured like traditional system resources (Micron's associated resources will either be secured through a PPA or Company-owned) and distinctly different from PURPA projects, in which the Company has limited to no negotiating power. Further, the overarching CEYW - Construction arrangement involves a customer that will be financially supporting their accompanying renewable resources. While certain aspects of PURPA pricing may be appropriately applied to the Micron ESA and other CEYW - Construction agreements, such as re-pricing on a two-year cadence, Staff's proposed changes to move the ESA compensation structure closer to a PURPA-like valuation methodology are misapplied.

III. RESPONSE TO STAFF'S RECOMMENDATIONS

Staff's final recommendations on pages 20-22 include 12 specific proposals, some of which involve overlapping topics. Idaho Power addresses each recommendation below and has grouped the discussion by the relevant topic.

A. Pricing Updates

Recommendation 1. In its first recommendation, Staff proposes that all pricing components of the Micron ESA stemming from the Company's Integrated Resource Plan ("IRP") be filed in parallel with, or shortly following, submission of the IRP.

Idaho Power agrees and supports this recommendation. The Company envisions that it would submit an advice filing to update the components of Micron's Schedule 26 that are related to the IRP.

B. Excess Energy Generation Credit

Staff's second and third recommendations address the credit for any excess energy generation—that is, the amount Idaho Power would credit Micron for any renewable resource generation above Micron's load in a given hour.

Recommendation 2. Staff proposes approving the method for calculating the excess energy generation credit in the ESA but with "an additional 85% adjustment consistent with Schedule 86."⁷ Idaho Power respectfully disagrees with this recommendation. Idaho Power's economic analysis of Micron's ESA demonstrates there is no harm to Idaho Power's other customers, and in fact goes beyond "no harm" and shows positive benefits to Idaho Power's other customers of \$4.1 million over a period of 20-years. Rather than protecting other customers from cost shifts, Idaho Power is

⁷ Staff Comments, pg. 20.

concerned an additional adjustment to the excess energy component would increase the benefits other customers would receive at Micron's expense. Idaho Power's CEYW goal was to create a structure that fairly balances customer sustainability and energy requirements against the need to ensure no harm to other customers.

Recommendation 3. Staff proposes that the excess energy generation credit be the "lower of" the Excess Generation Price (with the 85% adjustment) or the actual high or low load hour Mid-C market price (without any adjustments) for each hour. Staff at 21.

Idaho Power disagrees with the recommendation and believes price risk should be symmetrically applied. One of Staff's arguments for the "lesser of" concept is the introduction of risk from customers paying forecast Mid-C prices which are above actual market Mid-C prices for excess generation. Idaho Power agrees with Staff there is potential risk that the Mid-C forecast exceeds actual hourly Mid-C prices; however, Staff's "lower of" recommendation does not provide symmetrical treatment for that risk and instead shifts all downside risk to Micron, while affording customers all of the benefit of actual Mid-C prices that are higher than the forecast rate contemplated by the ESA. Actual Mid-C market prices may be lower *or higher* than forecast Mid-C prices, and the Company's use of an AURORA-generated market forecast provides stability and predictability to both Micron and the Company, with each party knowing the amount for compensation in every hour for the next two years. Price risk should be symmetrical, achieved through either compensating Micron's excess energy at the Mid-C forecast price, or at actual Mid-C price, not through an artificial ceiling from the "lower of" concept.

As proposed in the ESA, the forecast (and the associated excess energy generation credit amounts at the more granular hourly interval) would be updated every

two years with the Company's IRP to ensure alignment with the most current forecast of the Mid-C market and to eliminate out-year variation and escalation that naturally occurs in a 20-year forecast.

Should the Commission determine the additional 85% adjustment consistent with Schedule 86, Staff's recommendation 2, is appropriate for Micron's excess energy, the Company believes adding a second discounting layer from the "lessor of" Mid-C forecast or market recommendation 3 would punitively reduce Micron's excess energy compensation by shifting all downside price risk to Micron. Striking a careful balance between consistency of Schedule 86 application and fairness in assigning price risk is an important consideration.

C. Renewable Capacity Credit

Staff's Recommendations 4 through 7 all address the Renewable Capacity Credit.

Recommendation 4. Staff agrees the Black Mesa PPA receive capacity credit starting July 2023, consistent with the capacity deficiency date in IPC-E-21-09.⁸ For any future Micron PPA, Staff recommends the Renewable Capacity Credit Eligibility ("RCCE") date should be based on the first capacity deficiency date approved by the Commission at the time the PPA or a resource construction is executed by the Company. Staff at 21.

The Company and Staff have similar goals for determination of RCCE, that for an existing customer such as Micron, capacity credit is provided on the Company's capacity deficient date. Staff argues the method for the Micron ESA follow the same determination as Qualifying Facilities ("QF") through PURPA, which are authorized through the Company's biannual PURPA deficiency date filing. The Company agrees with this

⁸ Staff Comments, p. 13.

recommendation and supports using the deficiency date for QFs as the PURPA update schedule provides for more frequent updates and may reflect more current circumstances and information than the most recently acknowledged IRP.

Idaho Power notes that no change is required to either the ESA or Schedule 26 to support this recommendation as the RCCE date is determined and listed on Schedule 26 at the time of PPA execution.

Recommendation 5. Staff argues that the rate structure for the renewable capacity credit should be based on the avoided capacity rate and payment structure used to compensate PURPA QF storage projects.

Idaho Power's disagrees with this recommendation. First and foremost, CEYW-associated resources are not—and should not be viewed—as PURPA storage projects. The Company's proposed method of calculating each resource's capacity credit is consistent with the determination of the capacity contribution of all variable energy limited resources within the Company's 2021 IRP. Suggesting the credit payment be determined based on a dispatchable capacity resource (such as storage)—which is capable of responding to economic price signals—will result in a mischaracterization of a non-dispatchable resource's capacity contribution and creates inconsistency with IRP methodology. In comparison, the Company's Effective Load Carrying Capability ("ELCC") method already evaluates when a resource will provide capacity with respect to Idaho Power's highest risk hours, versus a storage QF, for which the Company must make assumptions about the amount and duration of dispatch at peak to develop capacity contribution and must receive the correct economic signal to ensure that dispatch occurs at peak value time periods. The ELCC method also evaluates the interaction of all

resources on Idaho Power's system and determines capacity contribution based on their interplay; capacity contribution reduces as more of the same non-dispatchable resource is added to the generation mix (however, this assumption is only true when no other resource types are included in the generation mix). Finally, Staff's recommendation is inconsistent with either the Surrogate Avoided Cost ("SAR"), or Incremental Cost IRP ("ICIRP") method for payment of capacity value to solar or wind PURPA resources. For those PURPA resources, capacity value is spread across all hours of forecast generation over the year. Instead of providing capacity value in each kilowatt-hour ("kWh"), the flat monthly credit endeavors to recognize the same value to Idaho Power's system, and over a multi-year time horizon to smooth for annual fluctuations in generation, is likely to achieve similar capacity credit compensation versus incorporating that value in each kWh.

Recommendation 6. For Renewable Capacity Credits, Staff recommends the resource(s) used as a surrogate to determine avoided capacity cost should be identified using the lowest-cost selectable resource from the most recently acknowledged IRP at the time of PPA execution.

The Company believes that Staff's recommendation has merit, but the determination of a surrogate resource is best handled in the context of establishing the Demand-Side Management ("DSM") alternate cost contained in the IRP. If the capacity cost basis is changed in the IRP, the ESA as written will adopt the new method for future PPAs, making it unnecessary and premature to make such a change in this case. Effectuating the change to the surrogate resource to determine avoided capacity cost in the context of DSM alternate cost is critical to provide consistent treatment between supply and demand-side resources.

Recommendation 7. Staff recommends only providing Micron with capacity credit during peak and premium peak hours, consistent with PURPA QF storage projects. Staff at 21.

Idaho Power disagrees with Staff's recommendation and assessment. As articulated in the Company's response to Staff's Recommendation 5, the flat monthly capacity credit endeavors to provide similar capacity credit compensation as is provided to PURPA solar and wind resources under either the SAR or ICIRP methods, and it would be inappropriate to credit a non-dispatchable resource under rates developed to provide appropriate price signals to dispatchable storage resources.

D. Meetings with Staff and Workshops

Staff's eighth and ninth recommendations involve Idaho Power hosting discussions with Staff, or workshops on topics related to Micron CEYW framework considerations in a general rate case, and treatment of system-generated RECs.

Recommendation 8. Staff recommends that the Company schedule a meeting with Staff to discuss the treatment of Schedule 26 costs, revenues, and loads in base rates prior to the next Idaho Power general rate case.

Idaho Power supports this recommendation. Meeting with Staff in advance of the next general rate case will provide an opportunity for the Company to share with Staff approaches for incorporation of Micron's CEYW framework prior to being subject to the procedural timeline of a general rate case.

Recommendation 9. Staff's recommendation 9 asks that the Company hold a workshop to evaluate the allocation of system-generated RECs to CEYW - Construction customers. Staff at 21.

The Company disagrees with Staff's inference that CEYW - Construction customers should not receive the benefit of system-generated REC sales that pass through the Power Cost Adjustment ("PCA"). While Idaho Power continues to believe that CEYW customers should have the same right to a PCA reduction for system REC sales as every other customer, the Company will schedule a workshop to discuss REC-related transactions and PCA impacts of system-generated RECs.

E. Future Renewable Construction Agreements

Recommendation 10. Staff's tenth recommendation is that every CEYW - Construction customer's PPA or resource construction agreement be reviewed and authorized by the Commission. Staff at 21.

The Company disagrees with Staff's recommendation that each PPA should be individually reviewed and authorized by the Commission. Staff notes in their Comments that 100% of the PPA cost will be paid by Micron and due to this payment responsibility, agrees selection of renewable resources and rates in the PPA do not need to be authorized by the Commission.⁹ The Company agrees with this as the selection, size, and other details of Micron's supporting resources are not necessary for the Commission to review so long as Micron pays in full for those resources, which is precisely what the ESA requires.

Rationale provided by Staff to require review and authorization by the Commission include: 1) ensuring interconnection costs are not passed to the general body of customers, 2) CEYW - Construction customers are not being favored with lower cost resources that could potentially be used for the system, and 3) that contract provisions

⁹ Staff Comments, pg. 19.

are included to protect customers from unnecessary risks.¹⁰

As noted by the Company in a previous filing,¹¹ interconnection agreements do not live within PPAs and that, further, non-PURPA generation interconnection agreements are not Commission jurisdictional. To the extent Staff's concerns are related to a concern that interconnection and transmission upgrades for new resources under the Micron ESA could result in cost shifts, it should be noted that Idaho Power will require new resources to procure Network Resource Interconnection Service. This requirement helps to ensure that a new resource will be responsible for upgrade costs that Micron will ultimately pay for through PPA prices.

Staff's concern CEYW - Construction customers may be favored with lower cost resources that could potentially be used as Idaho Power system resources is better addressed through the Company's competitive bidding process when the Company files for a Certificate of Public Convenience and Necessity ("CPCN") to procure a new resource. The Commission and Staff have the opportunity to review bid competitiveness and the Company's methodologies in resource selection to ensure fairness among all customers as part of a CPCN filing.

Staff's own analysis of the Micron ESA deems it sufficient with respect to stranded-asset cost risk mitigation, and Micron's financial ability to pay.¹² Risk considerations to protect all customers can be addressed in the Special Contract or Energy Services Agreement. From Idaho Power's perspective, the requirement of Micron to pay in full for

¹⁰ Staff Comments, pg. 19.

¹¹ Case No. IPC-E-21-42, Reply Comments, pg. 16.

¹² Staff Comments, pg. 4.

all its associated resources should make it unnecessary for each individual PPA to be reviewed and approved by the Commission.

F. Annual PCA Treatment

Recommendation 11. Staff's eleventh recommendation is that the Company include Micron's load, as well as its "consumption and generation from the renewable resources serving Micron," in the PCA. Idaho Power supports this recommendation for Special Contract customers, such as Micron, and can provide the requested information in the PCA.

While not enumerated in Staff's recommendations on pages 20-22, the Company strongly disagrees with Staff's recommendation that the credits for excess energy and capacity credits included in net power supply cost collected through the PCA be subject to 95% sharing.¹³

It is inappropriate to consider a sharing mechanism when Idaho Power has no ability to influence the performance of power supply expense, as in the case of the excess energy and capacity credits. In all other instances where the Company makes payments to customers at predetermined avoided cost, such as demand response, all those payments are recovered at 100%. The same 100% recovery applies to PURPA costs in power supply expense. Once the Commission authorizes the terms of Micron's and other CEYW customers' compensation for excess energy generation and capacity, there is no opportunity for Idaho Power to influence or reduce these payments. Staff's recommendation to introduce the 95% sharing mechanism is disconnected from Idaho Power's ability to influence or reduce these payments, and the Company does not stand

¹³ Staff Comments, pg. 18.

to gain or lose through customer participation in the CEYW offering.

G. Solar Supply Chain Concerns

Recommendation 12. Staff's final recommendation is that the Company notify and update the Commission if there are changes or issues regarding supply of solar cells and/or solar modules for the Black Mesa project. Staff at 22.

Staff raises concern around supply chain risks from the Department of Commerce's investigation to consider whether additional duties should be levied on imported solar cell and modules sourced from Cambodia, Malaysia, Thailand, and Vietnam. While that investigation anticipated a preliminary decision by August 29, 2022, on June 6, 2022, President Biden paused tariffs for two years while the investigation continues. The Company recognizes that even with tariffs paused for two years, there have been industry supply chain impacts from the investigation. If the Commission determines it necessary, Idaho Power will provide written notification to the Commission at the time the Company receives information of any material supply chain disruptions or of the developer's inability to meet the terms of the Black Mesa PPA.

IV. CONCLUSION

Idaho Power thanks Staff for their time and effort in expeditiously reviewing this case to meet the Company's request the Commission issue an Order before August 1, 2022, critically, the required approval date in the Black Mesa PPA to ensure the resource is in-service by June 1, 2023.

The Company supports Staff's broad recommendation to approve the Micron ESA. Additionally, Idaho Power supports several of Staff's recommendations that will provide more information and additional transparency around Micron and other CEYW -

Construction agreements, including: filing updates to Micron's pricing at the time of filing the IRP (recommendation 1), for future PPAs use of a capacity deficiency date approved by the Commission, (recommendation 4, which does not require ESA or Schedule 26 to be modified to accept Staff's recommendation), holding workshops on treatment of Micron's Schedule 26 costs, revenues, and loads in base rates prior to the next general rate case (recommendation 8) and on the treatment of RECs under the CEYW Program (recommendation 9), the inclusion of Micron's load and associated generation in the annual PCA filing (recommendation 11), and notifying the Commission when the Company receives notification of any material Black Mesa project-related supply chain disruptions or inability to meet the terms of the Black Mesa PPA (recommendation 12).

The Company respectfully disagrees with Staff on several of the recommendations associated with changing the credit components of the Micron arrangement. The proposed credit components in the ESA—that is, the crediting for excess energy and renewable resource capacity—were developed between Idaho Power and Micron with the specific objective of fair and equitable compensation. Through the no-harm analysis, which included the impact of the crediting components in question, the Company validated that the Micron arrangement will not shift costs to other customers using a method that has the same analytical rigor as applied in the IRP process. Staff's proposed modifications to the crediting mechanisms have been made without demonstrating that these changes will result in a more equitable arrangement than what was originally proposed.

The Company also disagrees with Staff's recommendation that credits for excess energy and capacity credits included in net power supply expense and recovered through

the PCA be subject to 95% sharing. Upon Commission approval of the ESA, contractual terms govern payments to Micron with no ability by Idaho Power to reduce these payments to the benefit of customers. The sharing mechanism incentivizes the Company to minimize power supply expense for components it is able to influence and should not be applied to power supply expenses that are contractually set.

Considering the Reply Comments herein, Idaho Power requests that the Commission approve the Micron ESA without modification. The Company also requests that, in conjunction with ESA approval, the Commission approve Staff's first, fourth, eighth, ninth, eleventh, and twelfth recommendations, each of which is intended to facilitate transparency around the Micron and future CEYW - Construction arrangements, but do not modify the ESA or Schedule 26. Finally, Idaho Power respectfully requests the Commission approve the Black Mesa PPA by August 1, 2022 to maintain the necessary timeline for a June 1, 2023 in-service date. If the Commission determines it cannot issue an order approving the Micron ESA and/or Schedule 26, the Company respectfully requests the Commission direct it to address those concerns and file an updated ESA in the 90 days subsequent to a Commission order.

Respectfully submitted this 6th day of July 2022.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 6th day of July 2022, I served a true and correct copy of the foregoing Idaho Power Reply Comments upon the following named parties by the method indicated below, and addressed to the following:

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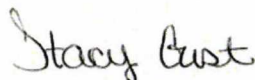
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