

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER HAMMOND  
COMMISSIONER LODGE  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** MICHAEL ELDRED  
DAYN HARDIE

**DATE:** JUNE 20, 2023

**SUBJECT:** 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;  
CASE NO. IPC-E- 22-06

### BACKGROUND

On March 10, 2022, Idaho Power Company ("Company") applied to the Commission for an order: 1) approving a revised Special Contract ("ESA") for electric service between the Company and Micron Technology, Inc. ("Micron"), and 2) approving the 20-year Power Purchase Agreement ("PPA") between the Company and Black Mesa Energy, LLC that was entered into with the expectation of assigning the associated energy to Micron under the revised Special Contract.

On August 1, 2022, the Commission issued Order 35482 approving the Black Mesa PPA as filed but directing the Company to file an updated ESA, consistent with the Commission's modifications, within 90 days from August 1, 2022. Order No. 35482 at 18.

On August 22, 2022, the Company filed a Petition for Clarification and Reconsideration ("Petition"). The Company requested Clarification pertaining to the Renewable Capacity Credit ("RCC") method in Order No. 35482.

On September 19, 2022, the Commission granted the Company's Petition, and stayed the directive in Order No. 35482 requiring the Company to file an updated Micron ESA by October 30, 2022, and ordered the Company and Staff to "work together to develop a rate structure for

calculating Micron's [ RCC] under the ESA which the Company shall file as a compliance filing in this case by December 13, 2022, or by another date set by Commission order." Order No. 35532 at 10.

On December 9, 2022, the Company filed a Motion for Extension of Time to Make the Compliance Filing ("Motion") requesting the deadline to make its compliance filing be extended to December 23, 2022.

On December 23, 2022, the Company submitted a Compliance Filing proposing its Proposed Renewable Capacity Credit Payment Performance Mechanism ("Proposed Method") and in the alternative, the IRP-based Energy Storage Project Renewable Capacity Credit Payment Performance Mechanism ("Alternative Method"), to calculate RCC payments based on collaboration between the Company and Staff.

On April 10, 2023, Staff submitted a Decision Memorandum ("Memo") as an item on the Commission's April 10, 2023, Consent Agenda. The Memo detailed Staff's work with the Company in devising a rate structure for calculating the RCC under the Micron ESA consistent with the Commission's directives. The Memo recommended the Commission approve the Company's Proposed Method for calculating RCCs under the Micron ESA. The Commission approved the Memo at its April 10, 2023, Decision Meeting.

On April 12, 2023, the Commission issued Order 35735 approving the Company's Proposed Method for calculating RCC payments under the Micron ESA. The Commission also ordered the Company to file an updated ESA and Schedule 26 consistent with the Commission's findings in this Order and other relevant orders by June 1, 2023.

On June 1, 2023, the Company submitted a Second Compliance Filing to update the Micron ESA and Schedule 26 consistent with the Commission's findings in Order 35735 and other relevant orders.

## **STAFF ANALYSIS**

Staff reviewed the updated Micron ESA and Schedule 26 and believes updates are consistent with the Commission's findings in Commission Order Nos. 35735, 35482, and other relevant orders. Staff recommends the Commission approve the Micron ESA dated March 9, 2022, the First Amendment to the Micron ESA dated May 31, 2023, including Revised Exhibit 1, and the revised Schedule 26 tariff sheets.

The First Amendment to the Micron ESA dated May 31, 2023, included in this filing modifies the original Micron ESA dated March 9, 2022, to be consistent with the Commission's findings in Order Nos. 35735 and 35482 regarding treatment of Excess Generation Credits ("EGC") and RCCs. In addition, the First Amendment includes a correction of an omission in the original Micron ESA and an Administrative Charge agreed to between the Company and Micron.

The Company updated the definition of "Excess Generation Price" in the Revised Exhibit 1 included in the First Amendment to address the Commission's finding on EGCs in Order No. 35735 to compensate Excess Generation at "the lower of the Excess Generation Price (with the 85% adjustment) and the actual high or low load hour Mid-C market price (without any adjustment) for each hour of excess energy delivered." Order No. 35482 at 15. Staff believes the updated definition is appropriate and addresses the Commission's findings on this issue.

The Company added new definitions and renamed a definition term in Revised Exhibit 1 to address the Commission's findings on RCC in Order No. 35735, which approved the Company's Proposed Method for calculating RCC payments under the Micron ESA. The Company also updated Schedule 26 to be consistent with the definition changes in Revised Exhibit 1. Staff reviewed the changes and believes the changes conform with Commission Order No. 35735.

The First Amendment corrects an omission the Company discovered while updating the ESA. The correction adds a sentence related to the Daily Excess Demand Charge. The added sentence was included in the 2009 Micron ESA but was omitted in the March 9, 2022 Micron ESA. Staff agrees with the Company that this added sentence is a standard provision in special contracts and should be included in the First Amendment.

Revised Exhibit 1 includes an Administrative Charge that is equal to five percent of the portion of the EGC and/or the monthly adjusted RCC that is recovered through the Power Cost Adjustment ("PCA") and allocated to the state of Idaho. The Administrative Charge was agreed to by the Company and Micron and is intended to ensure the Company remains indifferent to the negotiated ESA. The five percent represents the cost the Company will not be able to recover because of the Commission's decision in Order No. 35607 to subject EGCs and RCCs to 95%/5% customer sharing in the PCA. Order No. 35607 at 13. Staff believes the Administrative

Charge is acceptable because both parties have agreed to the charge and it does not shift the cost onto other Idaho Power customers.

**RECOMMENDATION**

Staff recommends the Commission approve the Micron ESA dated March 9, 2022, the First Amendment to the Micron ESA dated May 31, 2023, including Revised Exhibit 1, and the revised Schedule 26 tariff sheets, as filed.

**COMMISSION DECISION**

Does the Commission wish to accept the Company’s Micron ESA dated March 9, 2022, the First Amendment to the Micron ESA dated May 31, 2023, including Revised Exhibit 1, and the revised Schedule 26 tariff sheets, as filed?



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Michael Eldred