

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-23-20
COMPANY’S APPLICATION FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE) NOTICE OF APPLICATION
AND NECESSITY TO ACQUIRE)
RESOURCES TO BE ONLINE IN BOTH 2024) NOTICE OF
AND 2025 AND FOR APPROVAL OF AN) MODIFIED PROCEDURE
ENERGY STORAGE AGREEMENT WITH)
KUNA BESS LLC) ORDER NO. 35813
)

On May 26, 2023, Idaho Power Company (“Company”), filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order: (1) granting the Company a Certificate of Public Convenience and Necessity (“CPCN”) to acquire a total of 101 megawatts (“MW”) of new dispatchable energy storage to meet identified capacity deficiencies in both 2024 and 2025; (2) approving the 20-year Energy Storage Agreement (“ESA”) between Kuna BESS LLC (“Kuna BESS” or “Seller”) and the Company for 150 MW of dispatchable energy storage capacity; and (3) acknowledging the lease accounting necessary to facilitate the transaction, and that the resulting expenses associated with the ESA are prudently incurred for ratemaking purposes. The Company asserts approval of the Application is necessary “to position the Company to meet its obligation to provide safe, reliable service to its customers.” Application at 2.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company represents that several converging factors, including limited third-party transmission capacity, load growth, and a decline in the peak serving effectiveness of certain supply-side and demand-side resources have caused the Company to rapidly move to a near-term capacity deficiency starting in 2023. *Id.* at 5. The Company states that these dynamic circumstances led the Company to file a request for a CPCN to acquire resources to be online in 2023, as well as a CPCN to acquire resources to be online in 2024, and the Company expects to acquire additional resources each year thereafter through 2027. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it must acquire additional dispatchable resources to meet identified capacity deficits on its system to comply with

its continuing obligation to serve customers. *Id.* at 3. The Company states that the proposed acquisition represents a cost-effective means of providing adequate and reliable service to the customers in the Company’s certificated service territory. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it conducted a competitive solicitation through a Request for Proposals (“RFP”) seeking to acquire energy and capacity to help meet the Company’s previously identified capacity needs of 85 MW to be online by June of 2024, and an incremental 115 MW in 2025. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that the Company represents that the RFP process resulted in the selection of a 150 MW energy storage project, consisting of a 20-year ESA for a 150 MW battery storage facility, 77 MW of Company-owned battery storage to meet the 2025 capacity deficiency, and an additional 24 MW of Company-owned battery storage for the 2024 capacity need. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the ESA acts as a type of lease through which Kuna BESS will develop, design, construct, own, and operate the battery storage system and, in accordance with the terms of the Agreement. *Id.* at 7. The Company will supply the charging energy for the system and have the exclusive right to dispatch and use the charging and discharging energy in exchange for a monthly payment. *Id.*

YOU ARE FURTHER NOTIFIED that the ESA has a Scheduled Commercial Operation Date of June 1, 2025, prior to the Company’s projected capacity deficit in July of 2025. *Id.* at 7-8. The ESA also provides for a Guaranteed Commercial Operation Date, which is 180 days after the Scheduled Commercial Operation Date. *Id.* at 8. The ESA also requires Kuna Bess to post and maintain Credit Support which secures payment of the Termination Payment for an Event of Default by Seller, Delay Damages for Seller’s failure to achieve Commercial Operation Date by the Expected Commercial Operation Date, and any other Seller liabilities under the ESA. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the 77 MW battery storage facility will be located at the Happy Valley station, and that the Company can address the 2024 capacity deficiency economically and efficiently by adding 24 MW of battery storage at the Hemingway substation. *Id.* at 9-10. The Company states that it intends on executing a Battery Energy Supply Agreement for the 24 MW battery storage with Powin Energy Corporation. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it is not requesting binding ratemaking treatment for the 101 MW of battery storage in this case. The Company will make a future filing to address the cost recovery associated with these projects. *Id.* at 11-12.

YOU ARE FURTHER NOTIFIED that the Company represents that with respect to the ESA, under Generally Accepted Accounting Principles (“GAAP”), any contract that provides the right to control an identified asset over a period of time is considered a capital lease. *Id.* at 12. The Company requests that the Commission acknowledge that the lease accounting is necessary to facilitate the transaction, and that Commission find that the expenses associated with the ESA are prudently incurred expenses for ratemaking treatment. *Id.* The Company states that it will address any regulatory accounting necessary and required under GAAP in a later proceeding closer to commencement of operation of the battery storage facility. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that in 2013, the Commission directed the Company to follow the RFP guidelines applicable to its Oregon service territory, which were later codified into the administrative rules of the Public Utility Commission of Oregon (“OPUC Resource Procurement Rules”). *Id.* at 13-14. The Company states that coincident to filing this Application, the Company filed an exception request with the OPUC and is currently compliant with the OPUC resource acquisition process. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it intends to finance the 101 MW of energy storage with a combination of available cash and operating cash flow; available facilities and borrowing and debt issuances; and potential future equity issuances by IDACORP. *Id.* at 14-15.

YOU ARE FURTHER NOTIFIED that the Application is available for public inspection during regular business hours at the Commission’s office. The Application is also available on the Commission’s website at www.puc.idaho.gov. Click on the “ELECTRIC” icon, select “Open Cases,” and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code, and that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this Application may file a written comment explaining why the person supports or opposes the Application. Persons who would like a hearing must specifically request a hearing in their written comments and explain why written comments alone are insufficient. **Persons interested in filing written comments must do so by September 26, 2023.** Comments must be filed through the Commission’s website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission’s website at www.puc.idaho.gov. Click the “Case Comment Form” and complete the form using the case number as it appears on the front of this document. To file by e-mail, the customer must e-mail the comment to the Commission Secretary and the Utilities at the e-mail addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission and the Utilities at these addresses:

For the Idaho Public Utilities Commission:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For Idaho Power Company:

Donovan E. Walker
Tim Tatum
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
ttatum@idahopower.com
dockets@idahopower.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by October 10, 2023.**

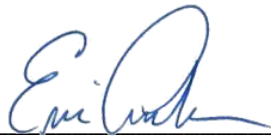
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by September 26, 2023. The Company must file any reply comments by October 10, 2023.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

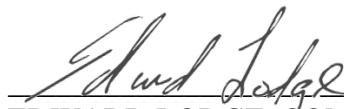
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of June 2023.



ERIC ANDERSON, PRESIDENT

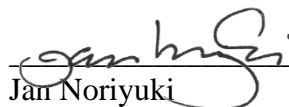


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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