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COMMISSION

March 18, 2024

**VIA ELECTRONIC FILING**

Monica Barrios-Sanchez, 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-24-12  
In the Matter of Idaho Power Company's Application for Approval of a  
Market Purchase Agreement

Dear Barrios-Sanchez:

Attached for electronic filing please find Idaho Power Company's Application in the above matter.

In addition, please find attached the Direct Testimony of Eric Hackett and the Direct Testimony of Jared Ellsworth, filed in support of the Application. A Word version of the testimonies will also be sent in a separate email for the convenience of the Reporter.

Also attached is a protective agreement. A portion of the Application and a portion of the Direct Testimony of Eric Hackett and Exhibits contain confidential information and will be provided separately via an encrypted email to parties who sign the protective agreement.

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

Very truly yours,



Donovan E. Walker

DEW:sg  
Attachments

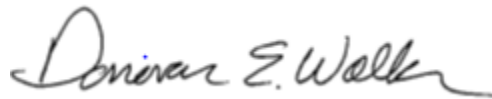
## CERTIFICATE OF ATTORNEY

### ASSERTION THAT INFORMATION CONTAINED IN AN IDAHO PUBLIC UTILITIES COMMISSION FILING IS PROTECTED FROM PUBLIC INSPECTION

#### Application for Approval of a Market Purchase Agreement IPC-E-24-12

The undersigned attorney, in accordance with Commission Rules of Procedure 67, believes that a portion of the Application, and a portion of the Direct Testimony of Eric Hackett and Exhibits 3, 5, 7, 8, and 9, contain information that Idaho Power Company and a third party claims are confidential trade secret as described in *Idaho Code* § 74-101, *et seq.*, and/or § 48-801, *et seq.* As such, they are protected from public disclosure and exempt from public inspection, examination, or copying.

DATED this 18th day of March 2024.



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Donovan Walker  
Counsel for Idaho Power Company

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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-24-12
APPROVAL OF A MARKET PURCHASE	)	
AGREEMENT.	)	APPLICATION
	)	
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Idaho Power Company ("Idaho Power" or "Company"), in accordance with *Idaho Code* §§ 61-501, 61-502, 61-503; as well as Rule of Procedure ("RP") 52 and 201 hereby respectfully makes application to the Idaho Public Utilities Commission ("Commission" or "IPUC") for an order approving the market purchase agreement with Powerex Corp. ("Powerex"). Because approval of this request is necessary to position Idaho Power to meet its obligation to provide safe, reliable service to its customers, the Company respectfully requests that the Commission issue an order by August 31, 2024, the contractual deadline of the market purchase agreement.

Accompanying this Application are two sets of testimony. The Direct Testimony of Jared L. Ellsworth presents the Company's need for new resources to meet an identified capacity deficit in 2026 as informed by the 2021 Integrated Resource Plan ("IRP"), again in the 2023 IRP, and subsequently further enhanced through system reliability evaluations. Mr. Ellsworth describes the most recent assessment of system reliability and its impact to the capacity deficit identified in the 2023 IRP, which led to the solicitation through a Request for Proposals ("RFP") seeking to acquire energy and capacity necessary to address the identified near-term capacity needs. The Direct Testimony of Eric Hackett provides an overview of the competitive resource acquisition process undertaken to meet Idaho Power's identified capacity deficiency in 2026, and the resulting least-cost, least-risk resources selected through the fair and competitive RFP process that was fully compliant with the required Oregon resource procurement rules.

## **I. BACKGROUND**

1. Idaho Power has been generally resource-sufficient since the addition of the Langley Gulch natural-gas fired power plant almost a decade ago until the filing of the 2021 IRP. That is, Idaho Power's owned generation and transmission resources, along with negotiated purchases under Power Purchase Agreements and mandatory purchases under the Public Utility Regulatory Policies Act of 1978, were sufficient to meet the Company's load growth over that time. However, as described more completely in the Direct Testimony of Mr. Ellsworth, several dynamic and 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 caused Idaho Power to rapidly move to a near-term capacity deficiency starting in 2023. These dynamic

circumstances led the Company to immediately file a request for a CPCN to acquire resources to be online in 2023<sup>1</sup>, as well as requests for a CPCN to acquire resources to be online in 2024<sup>2</sup> and a CPCN to acquire resources to be online in 2025.<sup>3</sup> Idaho Power expects to acquire additional resources each year thereafter through (at least) 2028. See, OPUC Case No. UM 2317, *In the Matter of Idaho Power Company's Application for Approval of 2028 All-Source Request for Proposals to Meet 2028 Capacity Resource Need*.

2. Under Idaho law, Idaho Power has an obligation to provide adequate, efficient, just, and reasonable service on a nondiscriminatory basis to all those that request it within its service area. Idaho Power has experienced and expects sustained load growth, thereby requiring the addition of new resources. To meet its obligation to reliably serve customer load and fill capacity deficiencies identified in 2026 and 2027, the Company conducted a competitive solicitation through the issuance of an RFP seeking to acquire a combination of energy and capacity resources with as much as 1,100 megawatts ("MW") of variable energy resources and a minimum of 350 MW of peak capacity to help meet Idaho Power's previously identified capacity needs in 2026 and 2027 ("2026 RFP"). The procurement process resulted in the identification of least-cost, least-risk resources necessary to fill the identified 2026 capacity deficiency of 236 MW. The proposed acquisition, as described herein, is necessary and required in order to continue to provide reliable and adequate electric service to Idaho Power's customers starting in the summer of 2026 and into the future.

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<sup>1</sup> Case No. IPC-E-22-13.

<sup>2</sup> Case Nos. IPC-E-23-05 and IPC-E-23-20.

<sup>3</sup> Case No. IPC-E-23-20.

## **II. OREGON PROCUREMENT RULES**

3. The Commission, in Case No. IPC-E-10-03, initiated a case seeking to establish competitive bidding guidelines for the RFP process. In 2013, the Commission closed Case No. IPC-E-10-03 without establishing Idaho-specific resource procurement guidelines, but rather directing Idaho Power to follow the RFP guidelines applicable to its Oregon service territory. The Oregon RFP guidelines to which the Commission referred were later codified into the administrative rules of the Public Utility Commission of Oregon (“OPUC”) resource procurement rules.<sup>4</sup> The OPUC resource procurement rules impose competitive bidding requirements upon an electric utility for the “acquisition of a resource or a contract for more than an aggregate of 80 MWs and five years in length,” among other requirements. Idaho Power conducted a fair and competitive resource acquisition procurement process in accordance with the OPUC competitive bidding rules, which resulted in OPUC approval of a final shortlist of the least-cost, least-risk resources. The Company has identified, through negotiations, the procurement of three resources from that approved final shortlist, which can help meet the 2026 capacity deficiency, one of which is the Powerex market purchase agreement that Idaho Power seeks approval of is this proceeding.

## **III. RESOURCE PROCUREMENT PROCESS**

4. On September 15, 2022, Idaho Power commenced the competitive bidding process, filing a request with the OPUC to (1) open a docket for approval of the 2026 RFP, (2) appoint an Independent Evaluator (“IE”) to oversee the RFP process, and (3) approve the proposed 2026 RFP scoring and modeling. On December 27, 2022, the

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<sup>4</sup> Oregon Administrative Rule (“OAR”) 860-089-0010 et seq.

OPUC approved the selection of London Economic International, LLC (“LEI”) as the IE for Idaho Power’s 2026 RFP and evaluation of 2026 RFP resources. The OPUC also approved the concurrent discussion of both scoring and modeling methodologies and preparation of the draft 2026 RFP.

5. The Company worked with OPUC Staff and stakeholders to finalize the draft 2026 RFP and on June 8, 2023, Idaho Power formally issued the 2026 RFP, soliciting bids for (1) energy market purchases and (2) new or existing resources. The 2026 RFP was well received with 192 bids from 31 different bidders across 47 resources sites, summing to more than 15 gigawatts of resources. Approximately 40 percent of the bids reflected a commercial operation date by June 1, 2026, the remaining 60 percent of the bids reflected a projected commercial operation date after June 1, 2026. The bids included a variety of ownership structures, including many bids that would result in bidder-owned resources (i.e., PPA’s, and BSA’s), as well as three benchmark bids across three sites, submitted by Idaho Power’s Power Supply department.

6. The direct testimony of Mr. Hackett details the bid evaluation process which was consistent and prescriptive as described in the 2026 RFP, ultimately identifying the final shortlist of projects, including six with commercial operation in 2026. Confidential Exhibit No. 7 to Mr. Hackett’s Direct Testimony lists the 2026 projects identified on the final shortlist. As required under the OPUC competitive bidding rules, the OPUC approved Idaho Power’s final shortlist on February 22, 2024. Once the most cost-effective 2026 projects were identified, the Company began negotiations with developers for procurement of the three resources necessary to meet Idaho Power’s 2026 capacity deficit.

#### **IV. RESOURCE DESCRIPTIONS**

7. The bid evaluation process of the project proposals submitted through the 2026 RFP is designed to identify the combination and size of the proposed resources that will maximize customer benefits while ensuring the Company meets its energy and capacity needs, ultimately resulting in the selection of three least-cost, least-risk projects to meet the 2026 capacity deficiency of 236 MW: (1) the Powerex market purchase product, (2) the [REDACTED] 200 MW solar PV plus 100 MW battery storage project, and (3) a benchmark resource, the Idaho Power-owned battery storage facility providing up to 150 MW of operating capacity. The Company is only requesting approval of the market purchase agreement at this time because of the contractual deadline within the agreement. Idaho Power will request approval of the agreement associated with the 200 MW solar PV plus 100 MW battery storage project and the Idaho Power-owned battery storage facility in a subsequent proceeding.

#### **V. THE MARKET PURCHASE AGREEMENT**

8. The market purchase agreement, a Confirmation between Powerex Corp. and Idaho Power Company dated March 12, 2024 (“Powerex Agreement”), describes the sale and purchase of the capacity-based product and firm energy, and is a transaction pursuant to an industry-standard master agreement, the WSPP, Inc. Agreement. Under the Powerex Agreement, the Company will have 200 MW firm capacity during the months June through September, hours-ending 0700 – 2200 Pacific Prevailing Time, seven days a week. Idaho Power may call on energy up to the 200 MW for the hours specified, on a day-ahead basis. An executed copy of the Powerex Agreement is attached as Confidential Exhibit No. 9 to Mr. Hackett’s Direct Testimony.



9. The Powerex Agreement is a slightly different kind of agreement than those the Company has previously presented to the Commission but contains fixed, monthly capacity pricing, adjusted each January 1st, beginning January 1, 2028, at the Consumer Price Index, throughout the term of the agreement. It also sets the Firm Energy Price and Locational Adjustment pricing, if applicable. The Powerex Agreement commences on June 1, 2026, just prior to Idaho Power's currently projected capacity deficit in July 2026, and has a five-year term that begins when the Boardman to Hemingway transmission line ("B2H") is placed in service. If B2H is not in service as of June 1, 2026, the agreement allows for a "bridge term" under which Powerex would still sell and Idaho Power would still purchase and receive the capacity with firm energy to be received by the Company via Idaho Power's other firm transmission rights.

10. Section 13 provides that the Powerex Agreement only becomes effective upon Commission approval of all of the terms and provisions, and declaration that all payments the Company makes to Powerex will be allowed as prudently incurred expenses for ratemaking purposes; provided that, if Commission approval does not occur by August 31, 2024, and Idaho Power has not waived the regulatory approval conditions, the Powerex Agreement may terminate, and neither Idaho Power nor Powerex shall have any obligations under the Powerex Agreement. Because the 200 MW of firm capacity provided for in the Powerex Agreement is necessary to meet future resource deficits and energy needs, and the Company has concerns that it would be very difficult to find replacement capacity in the timeline necessary to meet future deficits, Idaho Power requests a Commission order on or before August 31, 2024.

## **VI. COMMUNICATIONS AND SERVICE OF PLEADINGS**

11. Communications and service of pleadings with reference to this Application should be sent to the following:

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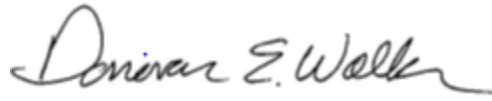
## **VII. MODIFIED PROCEDURE**

12. The Company believes that a hearing is not necessary to consider the issues presented herein, and respectfully requests that this Application be processed under 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, the Company stands ready to present its testimony and support the Application in such hearing.

## **VIII. REQUEST FOR RELIEF**

Idaho Power respectfully requests that the Commission issue an order approving the market purchase agreement with Powerex and declaration that all payments the Company makes to Powerex pursuant to such agreement will be allowed as prudently incurred expenses for ratemaking purposes. Because approval of this request is necessary to position Idaho Power to meet its obligation to provide safe, reliable service to its customers, the Company respectfully requests that the Commission issue an order by August 31, 2024, the contractual deadline of the market purchase agreement.

DATED at Boise, Idaho this 18<sup>th</sup> day of March 2024.



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DONOVAN E. WALKER  
Attorney for Idaho Power Company