

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| <b>IN THE MATTER OF IDAHO POWER</b><br><b>COMPANY’S APPLICATION FOR</b><br><b>APPROVAL OF A MARKET PURCHASE</b><br><b>AGREEMENT</b> | )<br>)<br>)<br>)<br>)<br>) | <b>CASE NO. IPC-E-24-12</b><br><br><b>ORDER NO. 36309</b> |
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On March 18, 2024, Idaho Power Company (“Company”), filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) seeking approval of a market purchase agreement with Powerex Corp. (“Powerex Agreement” or “MPA”). The Company requested that the Commission issue a final order by August 31, 2024.

The Company represented that the Powerex Agreement would provide the Company with 200 megawatts (“MW”) of firm capacity from June through September between the hours of 7:00 am and 10:00 pm Pacific Time, seven days a week. Application at 6. The Company stated that beginning on June 1, 2026, the Company would be able to call on up to 200 MW during the specified hours on a day-ahead basis. *Id.*

The Company represented that the Powerex Agreement contained fixed, monthly capacity pricing that is adjusted each January 1, beginning January 1, 2028, at the Consumer Price Index, throughout the term of the agreement, and sets the Firm Energy Price and Locational Adjustment pricing, if applicable. *Id.* at 7.

The Company represented that the Powerex Agreement commences on June 1, 2026, and has a five-year term that begins when the Boardman to Hemingway transmission line (“B2H”) is placed in service but allows for a “bridge term” to purchase and receive the capacity in the event that B2H is not in service as of June 1, 2026. *Id.*

On August 7, 2024, the Commission granted Northwest & Intermountain Power Producers Coalition (“NIPPC”) intervention. Order No. 36287.

### STAFF COMMENTS

Commission Staff (“Staff”) reviewed the Application and recommended that the Commission approve the MPA with Powerex Corp, and that the related expenses be declared prudent, with the exception of two contingent expenses. Staff Comments at 2.

Staff agreed that the Company’s system would require approximately 236 megawatts (“MW”) of additional capacity by 2026 to meet system reliability requirements. *Id.* Staff believed

the Company sufficiently solicited a comprehensive range of possible resource alternatives via its Request for Proposal (“RFP”) process. *Id.* Staff also believed the RFP and selection processes were fair and unbiased, and Staff believed the proposed MPA was one of the least cost and least risk alternatives necessary to meet the 2026 capacity deficit. *Id.* at 3-4.

Staff believed that most of the terms of the Powerex Agreement were reasonable. *Id.* at 5. However, Staff was concerned with Section 3(c)(i) and Section 19 contained in “Additional Provisions” of the Powerex Agreement, and Staff recommended that the Commission declare all payments the Company makes pursuant to the Agreement as prudently incurred expenses for ratemaking purposes, except for costs and payments from those two provisions, which would be considered in future recovery proceedings. *Id.*

With respect to the RFP process, Staff believed that there were three systemic flaws in the current RFP process, which should be addressed for future RFPs, and Staff recommended that the Commission direct the Company to file a parallel case with the Commission whenever the Oregon Public Utility Commission (“OPUC”) policy requires oversight. *Id.* at 6. Staff explained that the purpose of that case would be to obtain Commission approval for the RFP document and the process and criteria used to select resources. *Id.* Staff reasoned that when the Company files for a certificate of public convenience and necessity, pre-approval, or recovery of the resource(s), the Commission could then evaluate the selection of the resource(s) per the approved selection process. *Id.* at 7.

Based on its analysis, Staff recommended that the Commission:

1. approve the MPA;
2. declare that payments made pursuant to the MPA will be allowed as prudently incurred except for potential expenses incurred under Sections 3(c)(i) and 19 of the MPA; and
3. direct the Company to file an Idaho case for the review and approval of any RFP that the OPUC requires to be filed.

#### **NIPPC COMMENTS**

NIPPC did not oppose the Commission undertaking a parallel review process to the OPUC’s process overseeing the Company’s RFPs. NIPPC Comments at 4. However, NIPPC recommended that, to the extent that the Commission may propose use of a different set of rules for a Commission administered process, the Commission should develop such rules in a generic proceeding where interested parties can comment on the proposed rules. *Id.* at 4-5.

NIPPC was also concerned that adopting a new Commission-administered process might not ultimately result in more streamlined RFPs for the Company. *Id.* at 5. NIPPC noted that absent coordination between the Commission and the OPUC, a Commission-specific process is unlikely to expedite the OPUC process because the OPUC requirements would remain in place and apply to the Company. *Id.*

Additionally, NIPCC noted that that this was the first time the Company followed the OPUC process, and that there may be ways to expedite the process after the Company gains more experience with it. *Id.* at 5-6.

NIPPC supported any efforts the Commission may undertake to adopt Commission-specific requirements or proceedings for the Company's future resource acquisitions; however, NIPPC stressed that any such rules and procedures should be carefully developed in an open and transparent process to ensure that the Commission's goals are achieved. *Id.* at 6.

#### **COMPANY REPLY COMMENTS**

The Company agreed with Staff's recommendation to approve the Powerex Agreement, and the Company also supported Staff's recommendation that the Commission declare the payments made under the Powerex Agreement be allowed as prudently incurred with the exception of potential expenses incurred under Section 3(c)(i) and Section 19, which would be subject to a prudence review in future proceedings, if incurred. Company Reply Comments at 7.

The Company was not, in principle, opposed to Staff's RFP recommendation; however, the Company believed that directing the Company to file a case for review and approval of any RFP the OPUC requires to be filed was premature. *Id.* The Company was concerned about layering another process onto the already lengthy OPUC competitive bidding process, and the Company believed further discussions with Staff was warranted to develop a more comprehensive Idaho resource procurement process. *Id.* The Company noted that there is ample time for the Company and Staff to flesh out a process for future RFP related cases, which could then be applied to RFPs issued after the Company's current 2028 RFP. *Id.* at 7-8.

#### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including *Idaho Code* §§ 61-301 through 303. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential,

discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501 through 503.

Having reviewed the Application, all submitted comments, and the record, the Commission finds it fair, just, and reasonable to approve the Company's MPA. The Commission finds that payments made pursuant to the MPA will be allowed as prudently incurred except for potential expenses incurred under Sections 3(c)(i) and 19 of the MPA, which shall be considered for recovery in future proceedings.

With respect to Staff's recommendation regarding the Company's RFP process, the Commission appreciates the comments of the parties, and the Commission recognizes the importance of insuring that the RFP process remains as efficient, competitive, and reliable as possible. To that end, the Commission directs the Company to work with Staff, as expeditiously as possible, to address any issues and develop any potential modifications to the RFP process as necessary. No later than March 31, 2025, Staff shall file a new case before the Commission and present any requested modifications to the RFP process for consideration by the Commission.

#### **ORDER**

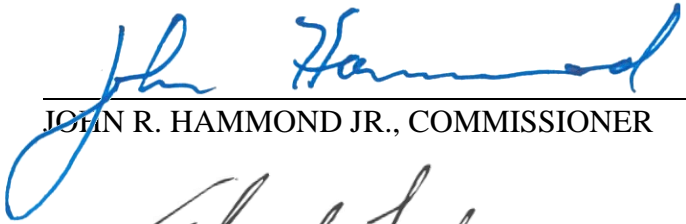
IT IS HEREBY ORDERED that the Company's MPA is approved. Payments made pursuant to the MPA will be allowed as prudently incurred except for potential expenses incurred under Sections 3(c)(i) and 19 of the MPA, which shall be considered for recovery in future proceedings.

IT IS FURTHER ORDERED that the Company shall work with Staff to address any issues and develop any potential modifications to the RFP process as necessary. No later than March 31, 2025, Staff shall file a new case before the Commission and present any requested modifications to the RFP process for consideration by the Commission.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* §§ 61-626 and 62-619.

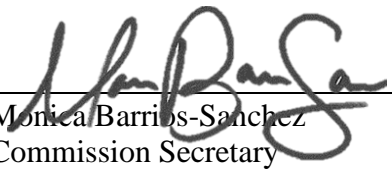
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 29<sup>th</sup> day of August 2024.

  
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ERIC ANDERSON, PRESIDENT

  
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JOHN R. HAMMOND JR., COMMISSIONER

  
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EDWARD LODGE, COMMISSIONER

ATTEST:

  
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Monica Barrios-Sanchez  
Commission Secretary

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