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IDAHO PUBLIC
UTILITIES COMMISSION

April 3, 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-24-16
In the Matter of Idaho Power Company's Application for a Certificate of
Public Convenience and Necessity for the Boise Bench Battery Storage
Facility

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

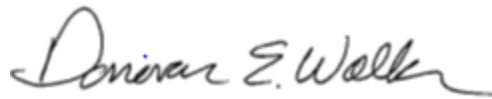
CERTIFICATE OF ATTORNEY

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

Application for a Certificate of Public Convenience and Necessity for the Boise Bench Battery Storage Facility IPC-E-24-16

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, and 8, 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 3rd day of April 2024.



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 A) CASE NO. IPC-E-24-16
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY FOR THE BOISE) APPLICATION
BENCH BATTERY STORAGE FACILITY.)
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Idaho Power Company ("Idaho Power" or "Company"), in accordance with *Idaho Code* §§ 61-501, 61-502, 61-503, 61-508, 61-526; as well as Rule of Procedure ("RP") 52, 112 and 201 hereby respectfully makes application to the Idaho Public Utilities Commission ("Commission" or "IPUC") for an order granting the Company a Certificate of Public Convenience and Necessity ("CPCN" or "Certificate") to acquire new dispatchable energy storage with 150 megawatts ("MW") of operating capacity. Approval of this request is necessary to position Idaho Power to meet its obligation to provide safe, reliable service to its customers.

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. CORPORATE STATUS

1. Idaho Power is a corporation incorporated under the laws of the state of Idaho. Idaho Power is engaged in the business of generating, purchasing, transmitting, and distributing electric energy and providing retail electric service in the states of Idaho and Oregon. Idaho Power's principal offices are situated in Boise, Idaho, and its address is 1221 West Idaho Street, Boise, Idaho 83702. Copies of Idaho Power's Articles of Incorporation and Certificates of Convenience and Necessity are on file with the Commission. *Idaho Code* § 61-528.

II. BACKGROUND

2. Idaho Power was 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, extensive 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 2023¹, as well as requests for a CPCN to acquire resources to be online in 2024² and a CPCN to acquire resources to be online in 2025.³ 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*.

3. 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 "all-source" RFP seeking to acquire a combination of energy and capacity resources. Idaho Power

¹ Case No. IPC-E-22-13.

² Case Nos. IPC-E-23-05 and IPC-E-23-20.

³ Case No. IPC-E-23-20.

did not define the type of resource (i.e., wind, solar, gas, or battery storage) desired; however, the Company outlined that the deficit could require 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.

III. OREGON PROCUREMENT RULES

4. 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.⁴ 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.

5. On September 15, 2022, Idaho Power filed an Application with the OPUC initiating a rule compliant RFP process to acquire resources to be online in 2026 and

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

2027. Subsequently an independent evaluator was appointed, and the Company went through all the required steps associated with issuance of the RFP, receipt and evaluation of bids, and ultimately the approval of a final shortlist of prospective projects to meet the 2026 and 2027 deficits. The OPUC found that 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. OPUC Order No. 24-055, Docket UM 2255, Feb. 22, 2024. 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 new dispatchable energy storage facility for which Idaho Power is requesting the Commission grant a CPCN in this proceeding.

IV. RESOURCE PROCUREMENT PROCESS

6. 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 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.

7. 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.

8. 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.

V. RESOURCE DESCRIPTIONS

9. 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) a market purchase product with Powerex Corp. ("Powerex"), (2) the [REDACTED] 200 MW solar photovoltaic ("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. Upon conclusion of the approximately 16-month mandated competitive bidding rule-compliant process, the Company immediately executed the Powerex agreement and subsequently filed a request for Commission approval because of the contractual deadline within the agreement.⁵ Idaho Power also immediately initiated the procurement process for the Company-owned battery energy storage system (“BESS”) facility at the Boise Bench station providing 150 MW of operating capacity. Idaho Power has been working expeditiously to initiate this CPCN request, because the Company must initiate the purchase order with the battery supplier and secure the BESS in parallel with the processing of this case to enable the completion of this critical capacity project in time to meet the identified 2026 deficit. That said, Idaho Power respectfully requests the Commission issue a CPCN as soon as practicable. Idaho Power will request approval of the agreement associated with the 200 MW solar PV plus 100 MW battery storage project in a subsequent proceeding.

VI. CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

10. 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 certificated service territory. *Idaho Code* §§ 61-302, 61-315, 61-507. The Commission must assure that the rates Idaho Power charges its customers and that the rules and regulations by which it provides service are just, reasonable, nondiscriminatory, and non-preferential. *Idaho Code* §§ 61-501, 61-502, 61-503, 61-507, 61-508. The Company

⁵ Case No. IPC-E-24-12, *Idaho Power’s Application for Approval of a Market Purchase Agreement filed on March 18, 2024.*

must acquire the additional dispatchable resources with 150 MW of operating capacity to meet the identified capacity deficits on its system in order to comply with its continuing obligation to serve customers, and thus is requesting an order from the Commission affirming that the public convenience and necessity requires the same. The proposed acquisition represents a cost-effective means of providing adequate and reliable service to the customers in Idaho Power's certificated service territory. The Commission has the express authority to order a utility to build new structures, or to upgrade and/or improve existing plant and structures, in order to secure adequate service or facilities.

Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that additions, extensions, repairs or improvements to or changes in the existing plant, scales, equipment, apparatus, facilities or other physical property of any public utility . . . ought reasonably to be made, or that a new structure or structures should be erected, to promote the security or convenience of its employees or the public, or in any other way to secure adequate service or facilities, the commission shall make and serve an order directing such additions, extensions, repairs, improvements, or changes be made or such structure or structures be erected in the manner and within the time specified in said order.

Idaho Code § 61-508.

11. A CPCN or Certificate represents the exercise by the Commission of foundational authority and principles that are necessary in Idaho's system of permitting regulated, vertically integrated, public utilities to exist and to provide necessary services to the public. Certificates have been utilized in various ways from the time that Idaho's statutory system of public utility regulation was enacted by the Legislature in 1913, *Idaho Code* § 61-101, *et seq.*, to the present time. After nearly 100 years of legislative enactments, Commission orders, and Idaho Supreme Court reviews, the Certificate remains the embodiment of the Commission's fundamental power and authority to, at the most basic level, authorize and direct a public utility to serve in the public interest. See

Idaho Power & Light Co. v. Blomquist et al., 26 Idaho 222, 141 P.1083 (1914); *Idaho Op. Atty. Gen. No. 87-2*, 1987 WL 247587 (Idaho A.G.).

12. In the broadest sense, a Certificate allows a company that meets the definition of a “public utility” pursuant to *Idaho Code* § 61-129 to exclusively provide its service to the public in a specified geographic region, its service territory. It is a codified part of the “regulatory compact” whereby the utility takes on the exclusive obligation/right to serve all those requesting service within its service territory and, correspondingly, submits itself to the rate and service quality regulation of the Commission. In a more literal sense, a Certificate from the Commission is required for the construction or extension of a line, plant, or system by any street, railroad, gas, electrical, telephone, or water corporation. *Idaho Code* § 61-526. § 61-526 also provides that “if public convenience and necessity does not require or will require such construction or extension [of a line, plant, or system] the commission . . . may, after hearing, make such order and prescribe such terms and conditions for the locating or type of line, plant or system affected as to it may seem just and reasonable” A CPCN is required for the utility to construct a new generation resource or plant but is not required to increase the capacity of existing generating facilities. *Id.*

VII. RATEMAKING TREATMENT FOR THE ENERGY STORAGE PROJECT

13. Idaho Power is not requesting binding ratemaking treatment for the battery storage providing 150 MW of operating capacity in this case as it did for the Langley Gulch Power Plant CPCN, Case No. IPC-E-09-03. The Company’s request in this case is that the Commission find Idaho Power has met the requirements of *Idaho Code* § 61-526 and issue an order granting a CPCN to acquire the energy storage with 150 MW of operating capacity necessary to meet the identified capacity deficiencies in 2026. The Company will make a future filing to address the cost recovery associated with this project.

VIII. FINANCING THE ENERGY STORAGE

14. Idaho Power maintains investment grade credit ratings with Standard & Poor's Ratings Services and Moody's Investors Service, with a long-term issuer rating of BBB and Baa1, respectively. The Company maintains ready access to the capital markets and to instruments providing for its liquidity. Idaho Power has a \$400 million revolving credit facility with its banking syndicate, which may be increased to \$600 million under specified conditions, which matures on December 8, 2028. The Company has an option to request up to two one-year extensions of the agreement, subject to certain conditions. Idaho Power also has authority from state regulatory commissions to issue up to \$1.2 billion in aggregate principal amount of debt securities, all of which remained available as of December 31, 2023. The Company also has access to commercial paper markets, as well as a balance of cash and investments on its balance sheet. Additionally, Idaho Power has access to capital and credit outside of existing mechanisms and instruments, such as through term loans, letter of credit, and other instruments. IDACORP, the parent entity of Idaho Power, sold 3,221,982 shares of IDACORP common stock in November of 2023 under a forward sale agreement. All of the shares remain available for share settlement in exchange for cash on a date or dates to be specified at IDACORP's discretion, but which is expected to occur on or prior to November 7, 2024. The estimated proceeds of over \$291 million will be primarily used to infuse equity to Idaho Power. The Company intends to finance the energy storage with 150 MW of operating capacity with a combination of available cash and operating cash flow, available credit facilities and borrowing and debt issuances, and future equity infusions by IDACORP.

IX. COMMUNICATIONS AND SERVICE OF PLEADINGS

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

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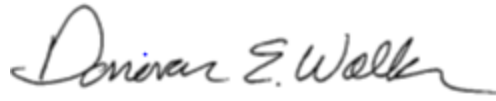
X. MODIFIED PROCEDURE

16. 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.

XI. REQUEST FOR RELIEF

Idaho Power respectfully requests that the Commission issue an order granting the Company a CPCN to acquire new dispatchable energy storage with 150 MW of operating capacity. 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 as soon as practicable.

DATED at Boise, Idaho this 3rd day of April 2024.

A handwritten signature in black ink that reads "Donovan E. Walker". The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke at the end.

DONOVAN E. WALKER
Attorney for Idaho Power Company