

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER ) CASE NO. IPC-E-24-16**  
**COMPANY’S APPLICATION FOR A )**  
**CERTIFICATE OF PUBLIC CONVENIENCE ) ORDER NO. 36386**  
**AND NECESSITY FOR THE BOISE BENCH )**  
**BATTERY STORAGE FACILITY )**  
**)**

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On April 3, 2024, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order granting the Company a Certificate of Public Convenience and Necessity (“CPCN”) to acquire new dispatchable energy storage with 150 megawatts (“MW”) of operating capacity. The Company has identified this resource as a Company-owned battery energy storage system (“BESS Project”) at the Boise Bench station.

The Company represented that it 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. Application at 7.

The Company represented that it must acquire the additional dispatchable resources with 150 MW of operating capacity to meet identified capacity deficits on its system to comply with its continuing obligation to serve customers. *Id.* at 8.

The Company represented that it is not requesting binding ratemaking treatment for the BESS providing the 150 MW of operating capacity in this case. *Id.* at 9.

The Company requested that the Commission find that the Company 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. *Id.*

The Company represented that it intends to finance the BESS Project with a combination of available cash and operating cash flow, available credit facilities and borrowing and debt issuances, and future equity infusions by IDACORP. *Id.* at 10.

On April 23, 2024, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 36152. The Commission granted intervention to Micron

Technology, Inc. (“Micron”) and Clean Energy Opportunities for Idaho (“CEO”). Order Nos. 36228 and 36190.

### STAFF COMMENTS

The Commission Staff (“Staff”) reviewed the Company’s Application, responses to Production Requests, and supporting documentation. Staff believed that the Request for Proposals (“RFP”) fairly solicited a wide range of resource alternatives reasonably achievable within the time constraints of the capacity requirement, and that the Company’s forecast of a 236 MW capacity deficit in 2026 was valid. However, Staff was concerned with: (1) the lack of comparable alternative resources in the Company’s selected portfolios; (2) the lack of comparable alternative resources in the final shortlist; (3) augmentation costs; and (4) future recovery. Staff Comments at 1-4.

With respect to the portfolio, the Company selected the third ranked portfolio, which also included a solar resource and a market purchase agreement with Powerex; however, Staff learned that the Ada County Commission denied the county permit for the solar resource. *Id.* Because the third selected resource is not feasible and the Company did not select another, Staff believed the Company has not been able to definitively show that the BESS Project, in combination with the final set of resources needed to resolve the deficit, is least-cost. *Id.* at 4.

With respect to the shortlist, Staff reviewed the Company’s final shortlisted bids and was not able to identify a suitable alternative to the BESS Project from the RFP to make a useful comparison. *Id.* at 4. Due to the lack of availability of comparable BESS resources in the RFP shortlist, Staff could not verify that the BESS Project is the least-cost resource, and Staff believed it was appropriate to set a cap for the cost of the BESS Project, especially as the other bids were from third-party developers and would have likely been contractually held to their cost estimates. *Id.* Staff believed that a cost cap would reflect the same level of accountability to the Company’s cost estimate. *Id.*

Staff had several concerns with the cost and form that augmentation may take for BESS resources. *Id.* at 5. Staff was concerned that by using a separate estimate for augmentation costs, the Company may have under- or over-represented the cost of augmentation relative to what was provided in a project bid. *Id.* Additionally, Staff was concerned that the modular nature of BESS resources could allow the Company to continually augment its battery systems above what is

needed to offset degradation outside of a traditional RFP process. *Id.* at 6. Staff recommended that the Commission set a soft cap for future augmentation costs. *Id.*

Based on Staff's lack of confidence of the BESS Project being the least-cost resource, Staff recommended that the Commission set cost caps for future cost recovery of the BESS Project. *Id.* These cost caps are for total project costs excluding any Investment Tax Credit offsets and, if approved, the Commission would evaluate the actual cost of the project relative to the respective caps when the Company seeks recovery in future rate proceedings. *Id.*

#### **Soft Cap on Estimated Costs**

Specifically, Staff recommended a soft cap that includes the manufacturer supplied BESS equipment costs, Idaho sales tax, and Allowance for Funds Used During Construction ("AFUDC"), to provide a maximum amount of recovery that the Company should be allowed to recover, unless it can provide compelling evidence otherwise. *Id.* at 6-7. Staff's calculation of the soft cap was provided in Confidential Attachment A to Staff's Comments. Staff also recommended that the Commission order a soft cap on future augmentation costs for the BESS Project at \$1,980,000 annually. *Id.*

#### **Hard Cap on Estimated Costs**

Staff evaluated the Company's cost estimate for the BESS Project and Staff believed the estimate was created with the Company's in-house expertise with implementing BESS resources on the system. *Id.* at 7. Staff believed that because the Company is the most knowledgeable about the specifics of its system and there is no uncertainty with contracted material prices, a hard cap should be established on the remaining balance of system ("BOS") cost with 5% contingency and the interconnection costs. *Id.* Staff's hard cap calculation is provided in Confidential Attachment A to Staff's Comments.

Due to Staff's lack of confidence of the BESS Project being the least-cost resource and to hold the Company accountable to its cost estimate for its bid, Staff believes that a hard cap is necessary to protect customers. *Id.*

Ultimately, Staff recommended that the Commission:

1. Grant a CPCN for the BESS Project to help meet the 2026 capacity deficit;
2. Establish a soft cap for manufacturer supplied BESS equipment costs, Idaho sales tax, and AFUDC, as detailed in Confidential Attachment A to Staff's Comments;

3. Establish a soft cap on future annual augmentation costs, as detailed in Confidential Attachment A to Staff's Comments; and
4. Establish a hard cap for the BOS cost with 5% contingency and the interconnection costs, as detailed in Confidential Attachment A to Staff's Comments.

### **INTERVENOR COMMENTS**

#### **CEO Comments**

CEO supported the use of batteries and did not oppose the Company's request for a CPCN to install the 150 MW BESS Project. CEO Comments at 1. CEO believed that BESS Project offers a supply-side resource for time-shifting loads, and CEO was concerned with future affordability of utility-supplied electricity. CEO asked that the Company be encouraged to further explore opportunities for demand-side load shifting. *Id.*

### **COMPANY REPLY COMMENTS**

The Company agreed with the recommendation that the Commission grant the company a CPCN for the BESS Project. Company Reply Comments at 4. However, the Company disagreed with Staff's other recommendations. *Id.* The Company represented that it completed a robust competitive resource procurement process for identifying the least-cost, least-risk, 2026 resource acquisitions which included the BESS Project. *Id.* at 5.

With respect to Staff's concern that the BESS Project was not the least-cost resource, the Company believed that Staff misunderstood the process the Company used to determine the least-cost resource. *Id.* at 6. The Company indicated that a key component missing from Staff's interpretation of the stochastic results is the two step nature of the process. *Id.* at 7. The Company stated that the final cost ranking of projects as detailed in Figure 39 of the Closing Report was determined first by how many times each project was selected by the Long-Term Capacity Expansion ("LTCE"), and by the relative cost among portfolios in which each resource was selected. *Id.* Based on that analysis, the Company represented that the BESS Project was identified as a least-cost resource as part of the AURORA LTCE modeling, and as a least-cost resource necessary to meet the 2026 capacity deficiency. *Id.* at 8.

With respect to Staff's concern that there were no comparable alternative projects considered, the Company believed that Staff's conclusion did not consider the evaluation performed to determine the Final Short List ("FSL"), which was outlined in the 2026 RFP and described in detail in the Closing Report. *Id.* at 9. The Company explained that once the pricing

and non-pricing scores were developed, the first phase of the initial shortlist creation involved a ranking methodology, and that those technology-specific rankings were used by the Company to develop its narrowed down initial shortlist. *Id.* The Company represented that the BESS Project was the only standalone BESS resource that was more cost-effective than resources of other technology groups; thus, the BESS Project moved forward to the FSL in place of other higher-cost battery projects. *Id.* at 9-10.

The Company disagreed with all of Staff's recommendations on caps. *Id.* at 10. The Company reiterated that it was not requesting binding ratemaking treatment in this case, and that the Company will make a future filing to address, and justify, all costs associated with the BESS Project, not just those costs over any potential caps. *Id.* The Company stated that Staff's conclusion that the BESS Project is not least-cost is unfounded. *Id.*

With respect to the hard cap, the Company believed that implementing a hard cap on the estimated BOS and interconnection costs is inappropriate because it is premature to recommend a hard cap on costs that are merely estimates at this point in the procurement process. *Id.* at 10-11. With respect to the soft caps, the Company emphasized that proposing any sort of cost cap on future unknown costs was inappropriate due to the myriad factors that could impact not only the cost of BESS augmentation, but other components of the prudent decision-making process. *Id.* at 12.

The Company requested that the Commission (1) accept Staff's recommendation to grant the Company a CPCN to acquire new dispatchable energy storage with 150 MW operating capacity, and (2) reject Staff's proposed establishment of cost caps, or in the alternative, implement a soft cap that only applies to those costs necessary to ensure the BESS Project is operational on June 1, 2026. *Id.* at 14.

### **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.

Public utilities shall “furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the health, safety, comfort and convenience of its patrons, employees and the public, and as shall be in all respects adequate, efficient, just and reasonable.” *Idaho Code* § 61-302.

Before constructing “a line, plant, or system,” a public utility providing electrical service must obtain a CPCN from the Commission establishing that the “public convenience and necessity” requires it. *Idaho Code* § 61-526. Pursuant to Idaho Commission Rule of Procedure 112, existing utilities applying for the issuance a CPCN under *Idaho Code* § 61-526 must submit any relevant data including: (1) a Statement and Explanation; (2) a Description of Construction or Expansion; (3) a Map; (4) a Financial Statement and Construction Timelines; and (5) Cost Estimates and Revenue Requirements.

Having reviewed the Application, the record, the comments of the parties, and all submitted materials, the Commission finds that the Company has satisfied the requirements for a CPCN to acquire 150 MW of dispatchable energy storage to meet an identified capacity deficiency in 2026. *See Idaho Code* § 61-526; Rule 112.

With respect to Staff’s concerns, the Commission does not find that caps on recovery are necessary now. The Company represents that it will justify all costs when it seeks recovery for the BESS Project, and the Commission expects the Company to exercise the utmost due diligence in selecting resources, managing costs, and providing service to its Idaho customers. When the Company requests recovery for the BESS Project, the Commission will consider all facets of the project including scope, cost justification, and the Company’s procurement process, to determine the prudence of the Company’s decisions.

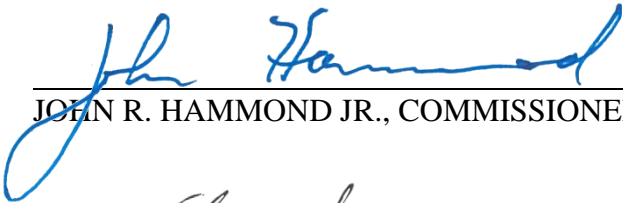
### **ORDER**

IT IS HEREBY ORDERED that the Company’s Application for a Certificate of Public Convenience and Necessity for the acquisition of 150 MW of dispatchable energy storage to meet an identified capacity deficiency in 2026 is granted.

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.

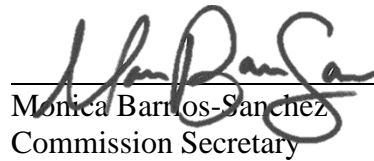
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 8<sup>th</sup> day of November 2024.

  
ERIC ANDERSON, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Barros-Sanchez  
Commission Secretary

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