

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-24-18
COMPANY’S APPLICATION FOR)
APPROVAL OF A CLEAN ENERGY YOUR)
WAY CONSTRUCTION AGREEMENT) ORDER NO. 36302
WITH THE CITY OF BOISE AND THE)
FIRST AMENDMENT THERETO)
)

On April 23, 2024, Idaho Power Company (“Company”) applied for approval of a Clean Energy Your Way (“CEYW”) Construction Agreement (“Agreement”) with the City of Boise (“City”) as well as the First Amendment thereto (“Amendment”). The Company submitted copies of both the Agreement and Amendment as attachments and requests the matter be processed by Modified Procedure with an order issuing prior to September 1, 2024.

On May 6, 2024, the Commission issued a Notice of Application and Notice of Intervention Deadline, setting a deadline for interested persons to intervene. Order No. 36170. The City of Boise (“City”) and Micron Technology, Inc. (“Micron”) intervened. Order No. 36213.

On June 12, 2024, the Commission issued a Notice of Modified Procedure, establishing public comment and party reply deadlines. Order No. 36225. The Commission Staff (“Staff”), the City, and Micron filed comments recommending approval of the Application. The Company did not file reply comments.

Having reviewed the record, the Commission issues this Order approving the Agreement and Amendment with one correction described below.

THE APPLICATION

The Company seeks approval of the Agreement authorizing the City to buy up to 10 megawatts (“MW”) from the Power Purchase Agreement between the Company and Black Mesa Energy, LLC (“PPA”). The Company also seeks approval of the Amendment, which adds definitions for the terms “Project Output” and “Supplemental Energy” and modifies Exhibit 1 to the Agreement to include clarifying language that ensures rate changes occur in separate proceedings. If both the Agreement and Amendment (collectively “Amended Agreement”) are approved, the Amended Agreement will take effect on September 1, 2024.

STAFF COMMENTS

After reviewing the Application and Amended Agreement, Staff believed the Amended Agreement is reasonable, consistent with other CEYW agreements, and protects the Company and its customers from liability. Accordingly, Staff recommended approval of the Amended Agreement with a correction to Table 1 of the First Revised Exhibit 1 described more thoroughly below.

1. Compliance with Schedule 62

Schedule 19 and Special Contract customers can purchase power from Renewable Energy Facilities (“REFs”), like the Black Mesa facility (“Black Mesa”) involved in this case, under Schedule 62’s, Clean Energy Your Way – Construction option. Staff noted that, despite having multiple accounts with the Company, the Application discusses only the City’s Schedule 19 accounts for the Boise Airport and Lander Street Water Renewable Facility (collectively “service points”). Staff indicated that these are appropriate locations for a CEYW Construction agreement.

Additionally, Schedule 62 limits the size of an REF to 110 percent of the annual energy consumption of the location serviced. After reviewing the forecasted consumption for the service points identified above through 2033, Staff determined that the City’s share of Black Mesa’s generation does not exceed 110 percent of the combined consumption of the service points during the forecast period.

Staff also reviewed the treatment of “Net Consumption”¹ and “Excess Generation”² under the Amended Agreement. When the service points consume more energy than the City’s share of Black Mesa’s generation, the City will pay standard Schedule 19 rates. Excess Generation will be credited to the City at the rate stated in the Renewable Energy Construction Agreement. Staff believes the above-described rates comply with Schedule 62.

2. Consistency with Other CEYW Agreements

Staff compared certain provisions of the Amended Agreement with other approved CEYW agreements and believed the Amended Agreement is consistent with the other CEYW agreements analyzed.³ Staff particularly noted that the Excess Generation Price contained in the

¹ Net Consumption is the customer-metered kWh usage minus the line loss-adjusted energy delivered from the REF to the Company’s system.

² Excess Generation refers to the City’s share of Black Mesa’s generation exceeding that required by the service points.

³ Staff’s comments contain Table No. 1, which summarizes this analysis.

Amended Agreement matches that contained in the Company's CEYW agreements with Micron and Brisbie, LLC.

3. Pricing and Billing Terms

Staff believed the pricing and billing terms in the Amended Agreement are reasonable as they are consistent with other CEYW agreements and protect other retail customers from cost shifting. Staff observed that, in addition to being charged standard Schedule 19 rates for service not provided by Black Mesa's output, the City will pay a fixed cost charge for each kWh received from Black Mesa. This fixed cost charge will assist in the full recovery of capacity-related costs embedded in volumetric rates under Schedule 19.

Staff also believed the provisions of the Amended Agreement that govern REF cost and capacity credit are reasonable because they are consistent with other CEYW agreements. However, Staff noted an error in the calculated Renewable Capacity Contribution value in Table 1 of the First Revised Exhibit 1. In response to discovery requests, the Company indicated that it would correct the error by executing Revised Exhibit 1 with the City after issuance of a final order in this case. Staff recommended the Company submit an updated Table 1 of the First Revised Exhibit 1 as a compliance filing.

Similarly, Staff believed the method for setting the Excess Generation Price under the Amended Agreement is reasonable as it is identical to that used in other CEYW agreements. However, Staff noted that the Company proposes paying the City the Mid-C market forecast prices contained in the Company's 2023 Integrated Resource Plan ("IRP") for any Excess Generation. Until review of the 2023 IRP Mid-C forecast is completed in Case No. IPC-E-24-23, Staff recommended the Company use the Mid-C price forecast from the Company's 2021 IRP until an hourly Mid-C forecast receives Commission approval in Case No. IPC-E-24-23. Staff believed this would result in the Company using the 2021 Mid-C price forecast for only a few months.

4. Impact on Other Customers

Staff reviewed the Company's no-harm analysis and believes it is reasonable and demonstrated that the Amended Agreement will not harm other customers. However, Staff raised two concerns with the Company's no-harm analysis. First, Staff believed Tables 1 and 2 in Schedule 26 need revisions so that they reflect Micron's new allocation of Black Mesa. According to Staff, the Company intends to submit a modified Schedule 26 via a compliance filing following a final Commission order in this case. Staff recommended the Company do so.

Second, Staff expressed a continuing concern that CEYW Construction customers are treating system-generated Renewable Energy Credits (“RECs”) in a manner that will impact other customers via the Power Cost Adjustment (“PCA”). The Commission’s prior approval of Black Mesa and relatively small size of the project mitigated this concern in connection with the Amended Agreement. However, Staff indicated that it intends to evaluate CEYW customers’ treatment of system-generated RECs in the PCA as new CEYW Construction agreements and projects are established.

THE CITY AND MICRON’S COMMENTS

The City and Micron both filed comments that recommended approval of the Amended Agreement as filed.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of the law, and to fix the same by order. *Idaho Code* §§ 61-502 and -503.

Having reviewed the record, the Commission finds it fair, just, and reasonable to approve the Amended Agreement contingent upon the Company taking the steps described below. The City intends to use the generation purchased under the Amended Agreement at service points that comply with the requirements of Schedule 62. Additionally, pricing mechanisms and other crucial provisions of the Amended Agreement are consistent with other approved CEYW agreements. For example, the method for calculating the Excess Generation Price under the Amended Agreement corresponds with that contained in the Company’s CEYW agreements with Micron and Brisbie, LLC.

However, the method for calculating the Excess Generation Price under the Amended Agreement uses the hourly Mid-C forecast. Rather than using the Mid-C forecast from the 2023 IRP, which is currently under review in Case No. IPC-E-23-24, we find it reasonable to direct the Company to use the Mid-C forecast from its 2021 IRP. Once review of the Mid-C forecast in the Company’s 2023 Mid-C forecast is complete, the Company shall use that more recent forecast to calculate the Excess Generation Price under the Amended Agreement.

We also find it reasonable to direct the Company to correct the error Staff noted in the calculated Renewable Capacity Contribution value in Table 1 of the First Revised Exhibit 1. Once the Company has executed a Revised Exhibit 1 with the City, the Company shall submit a copy of the document as a compliance filing.

Additionally, once the Amended Agreement becomes effective, Micron's allocation of Black Mesa will change. Tables 1 and 2 to the Company's Schedule 26 contain Micron's current allocation of Black Mesa. It is important that the Company's approved tariffs filed with the Commission remain complete and accurate once the Amended Agreement becomes effective. Accordingly, we find it reasonable to direct the Company to submit as a compliance filing a revised Schedule 26 that updates Tables 1 and 2 to reflect Micron's new allocation of Black Mesa.

Furthermore, we share Staff's concern regarding the treatment of system-generated RECs. Although the prior approval of the Black Mesa project and the relatively small allocation of its generation involved in the Amended Agreement mitigates our concern in this case, the treatment of system-generated RECs in relation to CEYW agreements involving larger REFs could adversely affect other customers via the Company's PCA. Consequently, we expect the Company to cooperate with Staff to investigate this issue in future cases involving CEYW agreements.

ORDER

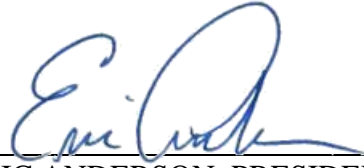
IT IS HEREBY ORDERED that the Amended Agreement is approved contingent upon the correction of the error Staff noted in Table 1 of the First Revised Exhibit 1.

IT IS FURTHER ORDERED that the Company shall submit as a compliance filing (1) a copy of the Revised Exhibit 1 executed with the City; and (2) a revised Schedule 26 with updated Tables 1 and 2 that reflects Micron's allocation of Black Mesa after the effective date of the Amended Agreement.

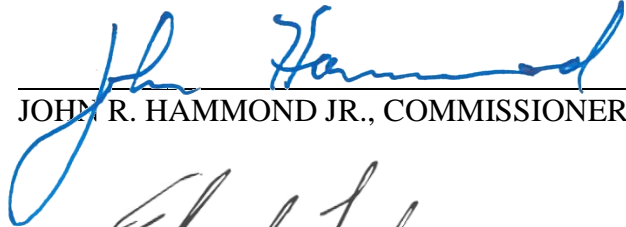
IT IS FURTHER ORDERED that the Company shall use the hourly Mid-C price forecast from its 2021 IRP to determine the Excess Generation Price under the Amended Agreement until the Mid-C price forecast from the Company's 2023 IRP is approved in Case No. IPC-E-24-23.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about 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. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of August 2024.



ERIC ANDERSON, PRESIDENT

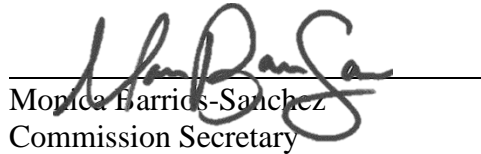


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrido-Sanchez
Commission Secretary

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