

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	<b>CASE NO. IPC-E-24-23</b>
<b>COMPANY’S APPLICATION FOR</b>	)	
<b>APPROVAL OF AMENDMENTS TO THE</b>	)	
<b>ENERGY SERVICES AGREEMENTS WITH</b>	)	<b>ORDER NO. 36383</b>
<b>MICRON AND BRISBIE AND REQUEST</b>	)	
<b>FOR UPDATED PRICING ELEMENTS</b>	)	
<b>BASED ON 2023 IRP</b>	)	
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On May 30, 2024, Idaho Power Company (“Company”), applied for approval of (1) the Second Amendment to its Special Contract with Brisbie, LLC (“Brisbie”); (2) the Third Amendment to its Special Contract with Micron Technology, Inc. (“Micron”); (3) updates to pricing elements in all Clean Energy Your Way (“CEYW”) Renewable Construction Agreements including the Brisbie and Micron Special Contracts and the City of Boise City’s (“City”) CEYW Renewable Construction Agreement (“CEYW-Construction Agreement”) that are based on the Company’s 2023 Integrated Resource Plan (“IRP”); (4) associated modifications to Schedule 33—Brisbie, Schedule 26—Micron, and Schedule 62—CEYW Program (“Schedule 62”); and (5) a proposed method for updating prices contained in CEYW-Construction Program contracts that rely on IRP data. The Company requests processing of this matter via Modified Procedure.

On July 10, 2024, the Commission issued a Notice of Modified Procedure, setting public comment and Company reply deadlines. Order No. 36255. The Commission Staff (“Staff”) filed the only comments.

Having reviewed the record, the Commission issues this Order approving the amendments and updates to the contracts identified above using a 50th percentile (“P50”) forecast, instead of the Company’s proposed 70th percentile (“P70”) forecast. This Order also approves the associated modifications to the relevant tariff schedules and the Company’s proposed method for updating as described below.

**BACKGROUND**

Schedule 62 allows Special Contract or Schedule 19—Large Power Service customers to be served with tailored renewable resources that cover up to 110 percent of their energy. The Company’s Special Contracts with Brisbie and Micron have CEYW-Construction pricing elements, like Excess Generation Credits and Renewable Capacity Credits. The Commission has

approved amendments to the Special Contracts with Brisbie and Micron to comply with Commission directives regarding charges and pricing elements. The Company also has a CEYW-Construction Agreement with the City.

### **THE APPLICATION**

The Company sought approval of the Second Amendment to its Special Contract with Brisbie (“Second Amendment”) and the Third Amendment to its Special Contract with Micron (“Third Amendment”). These amendments were developed pursuant to Commission directives and collaborative efforts with Staff to ensure the transparent and efficient review of updates to pricing elements in CEYW-Construction Agreements. The amendments and updates describe rate components for the Brisbie and Micron Special Contracts and the City’s CEYW-Construction Agreement, clarify or add definitions for certain pertinent terms, and ensure that rate charges are considered in separate proceedings. The Company further proposed that the Commission direct that future updates to CEYW-Construction Agreements using IRP inputs for pricing be filed for approval under a single docket within 30 days of submission of the Company’s next IRP.

### **STAFF COMMENTS**

Staff recommended the Commission approve the Company’s Application with one significant modification. Specifically, for the reasons described below, Staff recommended that certain pricing updates used to determine the Excess Generation Price be based on a P50 load forecast instead of the Company’s proposed P70 load forecast. Staff’s analysis of the other requests contained in the Application is also set forth below.

#### **1. Brisbie and Micron Special Contract Amendments**

Staff recommended approval of the Second Amendment (Brisbie) and Third Amendment (Micron), believing the amendments create consistency in all of the Company’s CEYW-Construction agreements and special contracts. Additionally, Staff believed the amendments follow the Company’s proposed method for future pricing element updates. Staff described the proposed amendments as modifying the definitions for Excess Generation Price and Supplemental Energy Price and adding a definition for the Mid-Columbia (“Mid-C”) forecast. Staff believed the Excess Generation Price and Mid-C Forecast definitions conform with the City’s CEYW-Construction Agreement from Case No. IPC-E-24-18. Staff noted that the Mid-C Forecast and Supplemental Energy definitions reference the Company’s most recently filed IRP. According

to Staff, this aligns with the Company's proposed timing of future pricing updates occurring within 30 days of the IRP being filed with the Commission.

## **2. P50 Load Forecast for Resource Planning**

Staff recommended the Company use a P50 load forecast to determine the Supplemental Energy Price and Excess Generation Price as opposed to the P70 forecast it uses for its IRPs. According to Staff, the Company uses a P70 load forecast in its IRP to ensure that it has sufficient resources to satisfy reliability requirements. It does this by planning to have sufficient resources to satisfy a load forecast that expects realized loads will be lower 70 percent of the time and higher 30 percent of the time. Although planning for such elevated loads can reduce outages, Staff believed that rates should be based upon loads the Company expects to serve. Consequently, Staff recommended that, if the IRP were to be used to develop rates, the P50 load forecast should be used.<sup>1</sup>

To further support this recommendation, Staff observed that cost-of-service ratemaking requires the development of rates based on loads expected under normal conditions. According to Staff, this ensures that rates will generally reflect costs incurred by the system. Staff also noted that using a P70 load forecast conflicts with other authorized rates developed with a P50 forecast; specifically, the IRP-based avoided cost rates authorized in Order No. 36037 (Case No. IPC-E-23-25), and Schedules 20 and 34 marginal cost rates authorized in Order No. 36201 (Case No. IPC-E-24-15).

## **3. Using the 2021 IRP to Calculate the Excess Generation Price**

Staff noted that when seeking approval of its CEYW-Construction Agreement with the City in Case No. IPC-E-24-18, the Company did not indicate which year's IRP should be used to determine the Excess Generation Price under that contract. However, the Commission adopted Staff's recommendation that the Company use the hourly Mid-C forecast from the 2021 IRP for this purpose until an hourly Mid-C forecast could be approved in this case. *See* Order No. 36302 at 5. Currently, the Commission-authorized Excess Generation Price for the Company's special contract with Micron is based on the Mid-C price forecast from the 2021 IRP. It will remain so unless and until the Commission issues an order to update it.

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<sup>1</sup> Staff also noted that it recommended that the Company calculate marginal avoided costs using a P50 load forecast in future IRPs in its 2023 IRP comments (Case No. IPC-E-23-23) and continues to recommend that for determining the Supplemental Energy Price and the Mid-C forecast used to determine the Excess Generation Price in this case.

The Company proposed compensating the City for excess generation based on the Mid-C price forecast from the 2023 IRP with a true up occurring if the rates change because of this case. Staff believed that adopting this proposal would conflict with Order No. 36302, which directed the use of the Mid-C price forecast from the 2021 IRP to calculate the Excess Generation Price until issuance of a subsequent order approving the Mid-C price forecast from the 2023 IRP. To remain consistent with Order No. 36302, Staff recommended that the Company continue compensating the City for excess generation using the Mid-C price forecast from the 2021 IRP until a final order is issued in this case approving the Mid-C price forecast from the 2023 IRP.

#### **4. Pricing Updates**

Staff supported the Company's proposal to update pricing elements by filing a single docket within 30 days of submission of future IRPs. Staff indicated that this places pricing updates on a defined schedule while also ensuring that Commission-approved rates are based on more recent and accurate information. Accordingly, Staff recommended approval of the Company's proposed timing for future pricing updates.

#### **5. Tariff Schedules**

Staff believed the proposed tariff schedules the Company submitted sufficiently addressed the changes proposed in the Application. Staff further recommended that additional updated tariff schedules be submitted via compliance filing that update 1) the date and order number from this case; and 2) any changes resulting from Orders in Case Nos. IPC-E-24-01 and IPC-E-24-18.

### **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 Application as described below.

The proposed amendments and updates to all of the Company's CEYW special contracts and agreement with Brisbie, Micron, and the City respectively modify or add definitions to the same—bringing consistency to associated pricing elements in all three agreements. In the absence of factors warranting differential treatment, such consistency is desirable as it can aid in

the interpretation and application of all three agreements. However, regarding the Supplemental Energy Price and the Mid-C price forecast used to determine the Excess Generation Price, we find that using a P50 forecast conforms with cost-of-service ratemaking as it more closely reflects the loads the Company can expect under ordinary circumstances. Additionally, using a P50 forecast to calculate the Supplemental Energy Price and Excess Generation Price is consistent with the Commission-approved method for calculating IRP-based avoided cost rates and marginal cost rates for the Company's Schedules 20 and 34. *See* Order Nos. 36037 and 36201. Accordingly, we direct the Company to use a P50 load forecast to calculate the Supplemental Energy Price and Excess Generation Price under its CEYW special contracts and agreement with Brisbie, Micron, and the City respectively—not the P70 forecast from the Company's IRP.<sup>2</sup>

We find the Company's proposed method for conducting future updates to pricing elements of CEYW agreements in a single case filed within 30 days of the submission of its IRP to be reasonable. This procedure establishes a fixed schedule for updating the pricing elements of CEYW agreements and results in rates that are based on the most recent and accurate information.

We further find that the proposed tariff schedules submitted with the Company's Application properly address the proposed modifications to the CEYW agreements identified in the Application. However, additional revisions to the proposed tariff schedules are necessary. Accordingly, we direct the Company to submit updated tariff schedules via compliance filing that contains (1) the date and number of this order; and (2) include all changes to the tariffs resulting from commission orders, including those issued in Case Nos. IPC-E-24-01 and IPC-E-24-18.

### **ORDER**

IT IS HEREBY ORDERED that the Second Amendment to the Company's Special Contract with Brisbie and the Third Amendment to its Special Contract with Micron are approved.

IT IS FURTHER ORDERED that the Supplemental Energy Price under the relevant special contracts with Brisbie and Micron and the CEYW-Construction Agreement with the City be calculated using Avoided Cost Averages based on a P50 forecast.

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<sup>2</sup> We have previously addressed the method for calculating the Excess Generation Price under the City's CEYW-Construction Agreement. In Order No. 36302, we directed the Company to use the hourly Mid-C forecast from the 2021 IRP to calculate the Excess Generation Price until an hourly Mid-C forecast is approved in this case.

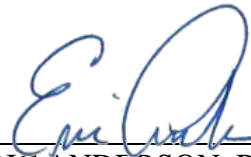
IT IS FURTHER ORDERED that the Mid-C price forecast used to determine the Excess Generation Price under the above Special Contracts and the CEYW-Construction Agreement with the City shall be based on a P50 forecast.

IT IS FURTHER ORDERED that, if the Company wants to update a pricing element within any CEYW agreement, it must do so in a single case filed within 30 days of submitting its next IRP to the Commission.

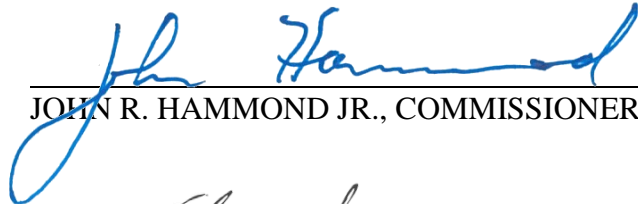
IT IS FURTHER ORDERED that the Company shall submit as a compliance filing updated Tariff Schedules 26, 33, and 62 that contain (1) the date and number of this order; and (2) include all changes to the tariffs resulting from Commission orders, including those issued in Case Nos. IPC-E-24-01 and IPC-E-24-18.

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 8<sup>th</sup> day of November 2024.



ERIC ANDERSON, PRESIDENT

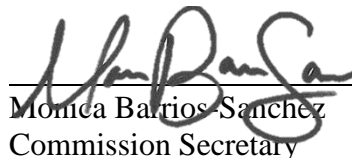


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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