Office of the Secretary
Service Date
February 21, 2025

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR APPROVAL OR REJECTION OF AN ENERGY SALES AGREEMENT WITH J.R. SIMPLOT COMPANY FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY FROM THE SIMPLOT—POCATELLO CSPP PROJECT	**CASE NO. IPC-E-24-43** **ORDER NO. 36477**

On November 12, 2024, Idaho Power Company ("Company") applied to the Idaho Public Utilities Commission ("Commission") for approval of an energy sales agreement ("ESA") with J.R. Simplot Company ("Seller") for the energy generated by the Simplot – Pocatello CSPP project ("Facility") ("Application"). The Company requested that the Commission set a procedural schedule that would result in a final Commission determination prior to the ESA's expiration on February 28, 2025.

On December 19, 2024, the Commission issued a Notice of Application and Notice of Modified Procedure, setting public comment and Company reply deadlines. Commission Staff ("Staff") filed comments to which the Company replied. The Company's reply comments included a First Amendment to the proposed ESA ("First Amendment").

With this Order, we approve the proposed ESA and First Amendment, as filed.

THE APPLICATION

The Company stated that the Facility is near Pocatello, Idaho and has a 15.9-megawatt ("MW") nameplate capacity. Commission Order No. 32697 established a 10 average MW ("aMW") project eligibility cap for qualifying facilities (other than wind and solar facilities) that seek published avoided cost rates. The Company stated that although the nameplate capacity rating of the Facility is 15.9 MW, under normal conditions it operates under 10 aMW monthly.

The Company stated that the proposed ESA has a five-year term using the non-levelized, published avoided cost rates for "Other" resources. A copy of the proposed ESA can be found in Attachment 1 to the Application.

The Company stated that, in compliance with Order Nos. 35705 and 35767, the proposed ESA has updated language under Article XXIII relating to modifications to the ESA or the Facility.

The Company requested the Commission approve the ESA and declare all payments for the purchase of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

The Facility is already connected and selling energy to the Company with a scheduled First Energy and Operation date of March 1, 2025. The replacement ESA incorporated relevant information from previous agreements while allowing the Company to pursue necessary updates. The ESA requires the Seller to pay interconnection and maintenance charges under Schedule 72. The Facility needs to retain its designated network resource status through a power purchase agreement to comply with transmission requirements and Federal Energy Regulatory Commission ("FERC") regulations.

STAFF COMMENTS

Staff examined several key aspects of the agreement including capacity, rates, and energy amount adjustments. Staff recommended Commission approval and rate recovery of payments, provided the Mid-Columbia ("Mid-C") Market Energy Cost definition was modified to address potential impacts that could arise from Washington's Climate Commitment Act ("CCA"). For any Facility modifications, Staff suggested Power Cost Adjustment ("PCA") inclusion should reflect authorized rates from the first modification date, regardless of actual compensation.

1) Nameplate Capacity

Staff stated that, though the Facility's nameplate capacity exceeded 15.9 MW, above the usual 10 aMW limit for published avoided cost rates, Staff determined the Seller qualified because operational limits kept monthly output below 10 aMW and payments would not exceed this threshold.

2) Capacity Payments and Avoided Cost rates

Because the existing contract included capacity payments and Order No. 32697 allowed continuation of such payments in renewals, Staff believed that the Facility qualified for immediate capacity payments under the proposed agreement. Staff's review indicated that the avoided cost rates proposed in the new ESA are correct.

3) 90/110 Rule and Five-Day Advanced Notice for Adjusting Estimated Net Energy Amounts

Staff confirmed the ESA contained the 90/110 Rule as required by Order No. 29632. Staff also confirmed that the ESA requires the Seller to give the Company at least five-days advanced

notice if the Seller wants to adjust its Estimated Net Energy Amounts for purposes of complying with 90/110 firmness requirements.

4) Definition of Mid-Columbia Market Energy Cost

Staff believed that the proposed ESA's definition of Mid-C Market Energy Cost could expose Idaho customers to costs arising from the CCA—which the Commission previously ruled against in multiple orders. Staff compared the current definition, based on Intercontinental Exchange ("ICE") daily firm Mid-C index prices, with recently approved contracts that specifically excluded Washington delivery points. Staff recommended modifying the definition to protect Idaho ratepayers from CCA impacts—which Staff stated was consistent with recent Commission approvals.

5) Facility Modification Provision

Staff believed that the existing language in Article XXIII Modification of the ESA already complied with the requirements of Order No. 35705 regarding modifications to the Facility.

Lastly, Staff recommended that regardless of the actual compensation remitted to the Seller after Facility modification, the Company should only be allowed to recover, through the PCA, the net power supply expenses reflecting the authorized rate for energy delivered as of the first operation date of the modified Facility.

COMPANY REPLY

The Company did not believe that modification to the ESA, relative to the definition of the CCA, was necessary. The Company summarized Staff's Comments, provided background on the issues related to the CCA, argued that the original proposed ESA should be approved, and provided a potential First Amendment to the ESA should the Commission deem that the original ESA's language should be changed.

1) The Company's Outline of the Background Relative to the CCA

The Company disagreed with Staff's concerns about the CCA definition affecting rates in this case. The Company argued that there were key differences between this situation and previous cases where the Commission mandated the inclusion of language that ensured Idaho customers were protected from CCA costs.

The Company explained that, unlike earlier decisions involving multi-state utilities, this case concerned an Idaho-based Public Utility Regulatory Policies Act ("PURPA") facility's standard contract. The Company commented on Staff's reference to market price definitions in

two recent non-PURPA agreements (the Pleasant Valley PPA and the PVS 2 PPA) and stated that these contracts had special circumstances.

The Company stated that those agreements were designed for assignment to Brisbie LLC under the Clean Energy Your Way program. The Company stated that when those agreements were negotiated, CCA implementation remained uncertain, leading parties to include flexible language about market pricing indices. The Company believed that understanding this distinction addressed concerns about potential wholesale market changes from the CCA.

The Company emphasized that this protective language had not appeared in standard PURPA contracts before. The Company further stated that concerns about the CCA affecting market indices had not materialized, and no alternative pricing indices had emerged. The Company stated that the special provisions in revenant earlier contracts had remained unused since implementation.

2) The Company's Reply

The Company explained why it did not require CCA-related language in all its relevant agreements. The Company stated that the feared impacts on Mid-C pricing had not materialized, and no price adjustments were needed. The Company stated the CCA did not directly affect its operations or agreements.

The Company maintained that the ESA did not improperly expose Idaho customers to the CCA's impacts and was drafted under a different setting than the special Brisbie contracts. The Company argued that, since ICE does not publish Washington-adjusted indices, Staff's suggested changes would not affect agreement administration one way or the other.

However, to avoid delays before the current agreement's February 28, 2025, expiration, both the Company and the Seller agreed to amend the definition of Mid-C Market Energy Cost as Staff recommended—though the Company viewed such actions as unnecessary. As a precautionary measure, the Company attached an executed First Amendment of the ESA—incorporating Staff's recommended changes—to its reply comments.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. 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 law, and to fix the same by order. *Idaho Code*

§§ 61-502 and 61-503. The Commission also has authority under PURPA and FERC regulations to set avoided cost rates, to order electric utilities to enter fixed-term obligations for the purchase of energy from qualifying facilities, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Having reviewed the record in this case, the Commission finds it reasonable and in the public interest to approve the Company's requests—as updated by the First Amendment. The Commission understands why the Company maintains that the First Amendment is unnecessary. However, the Commission finds that the First Amendment adequately addresses Staff's underlying concern and provides greater clarity as to the Commission's position on the CCA. The Commission finds that this additional clarity provides maximal protection to Idaho consumers against unreasonable costs that could arise from the CCA.

The Commission finds that the proposed ESA and First Amendment include language in Article XXIII (Modification) that addresses potential modifications to the Facility in compliance with Order No. 35705. We also find that if the Facility is modified, only the net power supply expense that reflects the proper authorized rate for all energy delivered as of the first operation date of the modified Facility should be included in the Company's PCA, regardless of the compensation paid by the Company to the seller for energy delivered from the modified Falicity. This treatment is consistent with the Commission direction in Order No. 35705.

The Commission also finds it fair, just, and reasonable that energy delivered from the Facility should continue to be granted capacity payments in accordance with Order No. 32697, and that all payments for purchases of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Company's proposed First Amendment and Replacement ESA are approved as filed, effective as of March 1, 2025. All payments for energy and capacity shall be prudent for ratemaking purposes.

IT IS FURTHER ORDERED that, if the Facility is modified, only the net power supply expense that reflects the proper authorized rate for all energy delivered as of the first operation date of the modified Facility shall be included in the Company's PCA.

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. *Idaho Code* § 61-626.

DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 21st day of February 2025.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

Recused
DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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