

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-25-36
COMPANY’S 2025 VARIABLE ENERGY)
RESOURCE INTEGRATION STUDY AND) ORDER NO. 37076
PROPOSED UPDATE TO SCHEDULE 87)
)

On December 26, 2025, Idaho Power Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting: (1) approval of the Company’s proposed Schedule 87, Intermittent Generation Integration Charges (“Schedule 87”), updated rates, effective February 1, 2026, for which the Company’s 2025 Variable Energy Resource (“VER”) Integration Study (“2025 VER Study”) was the basis of, and (2) acknowledgement that the Company complied with the Commission’s directives in Order No. 36661 (“Application”). Application at 1.

On January 21, 2026, the Commission issued a Notice of Application, Notice of Suspension of Proposed Effective Date, and Notice of Intervention Deadline. Order No. 36909. The Commission granted intervention to Idaho Winds LLC (“Idaho Winds”). Order No. 36943. On February 26, 2026, the Commission issued a Notice of Modified Procedure, establishing comment deadlines. Order No. 36947. Commission Staff (“Staff”) and Idaho Winds filed comments to which the Company replied. No other comments were received.

Based on our review of the record, we issue this Final Order approving Schedule 87 with modifications and ordering the Company to work with Staff on several issues in the next VER study and to meet with interested parties to discuss Idaho Winds’ comments filed in this case.

THE APPLICATION

In Case No. IPC-E-25-07 the Commission directed the Company to work with Staff prior to the Company’s next VER study to resolve any outstanding issues cited in Staff’s Comments in that case, and to file a new VER study within 6 months after the filing of each Integrated Resource Plan (“IRP”). Order No. 36661.

The Company stated that it met with Staff on June 23, 2025, and July 2, 2025, to resolve Staff’s issues cited in Case No. IPC-E-25-07. Application at 4. The Company believed that at the end of the discussions, both Staff and the Company mostly agreed on the methodology to be used as part of the 2025 VER Study. *Id.* The Company represented that the 2025 VER Study methodology was developed by modifying the 2024 VER Study methodology to align with

additions and modifications suggested by Staff. *Id.* at 6. The Company stated that the 2025 VER Study built on the preferred portfolio and regulating reserve requirements established in the Company’s most recently filed IRP (Case No. IPC-E-25-23). *Id.* at 7.

The Company utilized Energy Exemplar’s Aurora model to quantify the cost of integrating non-dispatchable resources by modeling the regulating reserves required to maintain system reliability, expressed as up-regulation and down-regulation ancillary services. *Id.* To isolate the incremental impact of additional VERs, the Company evaluated four cases consisting of 100 megawatts (“MW”) and 200 MW additions of solar and wind generation, with block sizes informed by prior consultation with a Technical Review Committee (“TRC”) and Staff. *Id.* The Company represented that each incremental resource was modeled as a must-take addition to the 2025 IRP preferred portfolio to reflect Public Utility Regulatory Policies Act (“PURPA”) obligations, and integration costs were calculated by comparing modeled outcomes with and without ancillary services across base and incremental resource cases. *Id.* at 8.

The Company believed that the resulting analysis supported Schedule 87 integration charges for up to 200 MW each of incremental wind and solar, which were determined to be reasonable based on TRC consultation and the Company’s commitment to update the VER study and associated charges following each IRP filing. *Id.* The Company stated that this update cadence was intended to ensure that integration costs remain current and reflective of actual VER penetration levels and the rapidly evolving resource and load growth environment. *Id.* at 9.

STAFF COMMENTS

Staff believed that the Company complied with Order No. 36661 because the Company met with Staff on the issues identified in Staff’s comments in Case No. IPC-E-25-07, and Staff believed that the Company attempted to resolve those issues. Staff Comments at 2–3. Staff believed its question regarding the reasonableness of an analysis of inter-hour integration costs in the next VER study was addressed when the Company stated it would, and did, incorporate integration charges into the Aurora model it used for the 2025 VER Study. *Id.* at 4. By updating the regulation reserve requirements in the 2025 IRP prior to filing the 2025 VER Study, Staff believed the Company addressed Staff’s questions on regulation reserve requirements. *Id.* Staff agreed with the Company that because the Company had no wind Export Credit Rate (“ECR”) customers where a bifurcated rate could apply, it was unnecessary for the Company to develop an ECR based on wind and solar integration costs. *Id.*

Staff generally agreed with the proposed changes to Schedule 87 but recommended the Commission direct the Company to update Schedule 87 with the following and to file a compliance filing showing that the updates were made:

1. An effective date based on the date of the Commission's final order in this case;
2. [Update] [w]ording in Schedule 87 to reflect that the tiers of integration charges are based on qualifying facilities' ("QF") incremental nameplate capacity, instead of capacity penetration levels; and
3. [Updating] [i]ntegration charges based on a discount rate of 7.41% and an escalation rate of 2%.

Id. at 2. Staff also recommended the Company work with Staff in the next VER study to analyze or address the following issues:

1. Whether it is reasonable to use weighted integration charges for wind and solar QFs that cross the 100-MW threshold;
2. The relationship between reserve shortfalls and capacity inadequacy in terms of their contributions to the unreliability of a system and whether the capital and fixed Operation and Maintenance ("O&M") costs of incremental resources should be allocated between the purpose of meeting reserve requirements versus the purpose of meeting load requirements;
3. The amount of over and/or under-estimation of integration costs of on-site generation;
4. If and how on-site generation could be represented through a proxy;
5. Whether forecasted QFs should be included in the Base Portfolio;
6. Whether the Reliability and Capacity Assessment Tool ("RCAT") model and the Aurora model should be calibrated for the amount of reserves;
7. Whether there are costs associated with downward reserves that should be included in integration charges;
8. Whether contingency reserves should be treated as integration reserves;
9. Why the cost of following reserves is not zero and what impact it has on integration charges; and
10. Whether the calculation method for the 100-200 MW rates is reasonable.

Id.

I. Under-Allocation Issues for the ECR & On-Site Generation Proxy

Staff believed the Company's method of calculating integration charges for on-site generation customers was insufficient and could be overestimating the amount. *Id.* at 5. Staff believed the Company's calculation method worked well when data for load and generation were kept separate. *Id.* However, Staff believed because "on-site generators are both net consumers as a source of load as well as a net generators of energy" the data on load and generation are not kept

separate and that could create overlap between the amount of reserves needed to balance: (1) their consumer load and (2) their generation. *Id.* at 5. Staff recommended the Company work with Staff to calculate the over and/or under-estimation of integration costs for on-site generation in the Company's next VER study. *Id.* Staff stated integration costs for on-site generation customers should be examined because Staff believed said costs could affect integration charges and future ECR rates. *Id.* at 5. Staff recommended the Company work with Staff to determine if a proxy for on-site generation could be utilized in the next VER study. *Id.* at 6.

II. Proposed Schedule 87 & Recommended Changes

a. Wording, Rate, and Effective Date Changes

Staff believed non-QF resources could affect capacity penetration levels and believed Schedule 87 needed to be updated to show that integration charges are based on QFs' incremental nameplate capacity rather than only capacity penetration levels. *Id.* Staff believed the Company's calculations for the proposed Schedule 87 integration charges were mostly reasonable. *Id.* However, Staff believed the Company should have applied a discount rate of 7.4%, which was based on the Company's Commission approved rate of return in its recent general rate case (Case No. IPC-E-25-16), to determine levelized integration charges. *Id.* at 6–7. Staff also believed the Company should have applied an escalation rate of 2%, which was based on the Company's SAR model, to calculate the integration charges. *Id.* at 7. Because the Commission suspended the Company's requested effective date (February 1, 2026), Staff recommended the effective date of the updated Schedule 87 be the date the Commission issues a final order in this case. *Id.*

b. Reasonableness of Weighted Integration Charges

Staff recommended the Company work with Staff on determining if it is reasonable to apply weighted integration charges in Schedule 87 to QFs for wind and solar that "cross the 100-MW threshold" because Staff believed a weighted rate would more accurately and fairly reflect related integration charges. *Id.*

III. Additional Issues in Study Design

Staff believed there were multiple issues in the design of the 2025 VER Study that the Company should discuss with Staff for the next study. *Id.* at 8.

a. Forecasted QFs in Base Portfolio & RCAT Model Concerns

Staff believed the Company's practice of including forecasted QFs in the base portfolio in the 2025 VER Study could cause a discrepancy between the QF position used for calculating

integration charges and the QFs actual position, and Staff recommended the Company work with Staff to determine if forecast QFs should be in the base portfolio for the next study. *Id.* Staff was also concerned that there was no calibration for the number of reserves in the Company’s RCAT model and Aurora model and recommended the Company work with Staff to determine if the models should be calibrated in the next study. *Id.*

b. Downward Reserves & Contingency Reserves

Staff was concerned that the Company only used upward reserve requirements in the 2025 VER Study and recommended the Company work with Staff on the issues related to downward reserves in the next study. *Id.* at 9. Staff was also concerned about the Company basing integration reserves off of the cost of contingency reserves and recommended the Company work with Staff to address how contingency reserves were treated in the next study. *Id.*

c. Calculation Method for 100-200 MW Rates

Staff questioned why the costs of following reserves in the integration reserve cost calculation were not zero and what impact those costs had on integration charges. *Id.* Staff questioned the reasonableness of the Company’s calculation method for the 100-200 MW rates and recommended that the Company work with Staff on its calculation method. *Id.* at 9–10.

IDAHO WINDS COMMENTS

Idaho Winds was concerned that VERs included in the base portfolio were out-of-date and believed including out-of-date data interfered with the accuracy of the calculation for the integration charges. Idaho Winds Comments at 2–3. Idaho Winds requested that the Company be required to update the base portfolio based on “resource changes of high certainty” that the Company knew about when the 2025 VER Study was published. *Id.* at 3.

Idaho Winds was also concerned that renewal QFs were being required to pay the same integration charges as a new QF, and that doing so enabled the Company to double count 75% of the renewal QF’s capacity and energy. *Id.* Idaho Winds believed that renewal QFs should not be made to pay the same integration charges as new QFs. *Id.* Idaho Winds requested the Company develop a single integration rate for renewing QFs. *Id.* at 5. On page 5 of Idaho Winds comments, it recommended the Company use the following formula to calculate integration charges for renewal QFs:

$$\text{Base Portfolio Integration Cost [$/MWh]} = \frac{\left(\text{Base Portfolio Cost with Ancillaries [\$]} \right) - \left(\text{Base Portfolio Cost without Ancillaries [\$]} \right)}{\text{Base Portfolio 20-yr VER Energy Production [MWh]}}$$

By using the formula above, Idaho Winds calculated that the integration costs would be \$0.62/MWh. *Id.* at 7. Idaho Winds represented that the rate it calculated would lower integration costs for new wind at the 100 MW penetration level by 52% and would lower integration costs for new solar at the 100 MW penetration level by 60%. *Id.* Idaho Winds asserted the rate it developed more accurately reflected the integration costs for renewal QFs. *Id.*

COMPANY REPLY COMMENTS

The Company believed Staff's recommendations were reasonable and agreed to work with Staff on the issues identified by Staff when developing its next VER study. Company Reply Comments at 4. The Company disagreed with Idaho Winds' request that the base portfolio in the 2025 VER Study be updated. *Id.* The Company argued that updating the base portfolio would require it to re-do its analysis that occurs over a year-long period. *Id.* The Company represented that a change to a resource that takes place after the base portfolio was set cannot be addressed until the Company calculates the integration costs in a VER study update. *Id.* at 5.

The Company disagreed with Idaho Winds' request to base integration charges for renewal QFs on the original date they came online and their original type of technology. *Id.* The Company represented a QF contract is not renewed but is instead replaced with a new contract with new terms. *Id.* The Company represented that because the contract is a new (replacement) contract, it should be subject to the applicable integration charges in effect the time the new contract is entered into. *Id.* The Company did agree that there was potential for double counting of integration costs because of the amount of replacement contracts considered in the base portfolio of the VER study. *Id.* Thus, the Company represented it planned to work with Staff before developing its next VER study to determine if it should include forecasted QFs in the base portfolio. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Filing and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. 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, -502, and -503.

The Commission has reviewed the record in this case. Based on our review, we find it fair, just, and reasonable to approve Schedule 87 with the following modifications:

1. Schedule 87 shall be effective as of the date of the Commission's final order in this case;
2. The Company shall update the wording in Schedule 87 to reflect that the tiers of integration charges are based on QF's incremental nameplate capacity, instead of capacity penetration levels; and
3. The Company shall update Schedule 87 integration charges to be based on a discount rate of 7.41% and an escalation rate of 2%.

The Company shall submit the updated Schedule 87 as a compliance filing in this case. The Commission finds that the Company complied with the Commission's directives in Order No. 36661.

We also find it reasonable to order the Company to work with Staff in the next VER study to analyze or address Staff's outstanding issues cited in Staff's comments. Accordingly, we direct the Company to file a new VER study within six months after the filing of each IRP. Should the Company believe a new VER study is not necessary, the Company shall formally seek a waiver with evidence supporting the Company's position within two months after the filing of the IRP.

The Commission values Idaho Winds perspective in this proceeding and endeavors to facilitate communication between the Company and interested parties on the issues identified in Idaho Winds' comments. Namely, we instruct the Company to discuss with interested parties the VERs included in the base portfolio in the 2025 VER Study, the Company's method of calculating the base integration charges for renewal QFs, and the issue of including forecasted QFs in the 2025 VER Study base portfolio prior to the next VER study.

ORDER

IT IS HEREBY ORDERED that Schedule 87 is approved with the modification that Schedule 87 shall be effective as of the Commission's final order in this case.

IT IS FURTHER ORDERED that Schedule 87 is approved with the modification that the Company shall update the wording in Schedule 87 to reflect that the tiers of integration charges are based on qualifying facilities' incremental nameplate capacity, instead of capacity penetration levels.

IT IS FURTHER ORDERED that Schedule 87 is approved with the modification of the Schedule 87 integration charges being based on a discount rate of 7.41% and an escalation rate of 2%.

IT IS FURTHER ORDERED that the Company shall submit the updated Schedule 87 as a compliance filing in this case.

IT IS FURTHER ORDERED that the Company shall work with Staff in the next VER study to analyze or address the issues cited in Staff's comments.

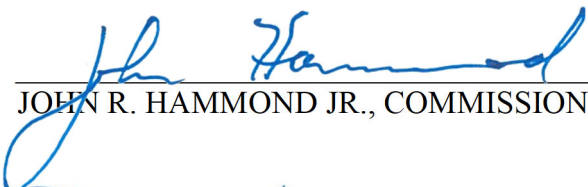
IT IS FURTHER ORDERED that the Company shall file a new VER study within six months after the filing of each IRP. Alternatively, should the Company believe that a new VER study is unnecessary, the Company shall file for a waiver of the VER study with evidence supporting the Company's position within two months after the filing of the IRP.

IT IS FURTHER ORDERED that the Company shall discuss with interested parties the VERs included in the base portfolio in the 2025 VER Study, the Company's method of calculating the base integration charges for renewal QFs, and the issue of including forecasted QFs in the 2025 VER Study base portfolio prior to the next VER study.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided in this Order. Within seven 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 25th day of June 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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