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ADAM LOWNEY
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May 26, 2023

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Filing Center
P.O. Box 1088
201 High Street SE, Suite 100
Salem, Oregon 97308-1088

Re: Idaho Power Company's Notice of Exception under OAR 860-089-0100.

Attention Filing Center:

In accordance with OAR 860-089-0100(3) and (4), Idaho Power Company ("Idaho Power") provides the enclosed report detailing the circumstances related to a time-limited opportunity to acquire a resource of unique value to Idaho Power's customers. This report is being served on all parties to Idaho Power's last general rate case, docket UE 233, Idaho Power's last Integrated Resource Plan case, docket LC 78, and current request for proposal case, docket UM 2255.

The enclosed report contains commercially sensitive information that is provided as confidential under OAR 860-001-0070. Confidential information will be provided upon request to those that execute a non-disclosure agreement; please contact Idaho Power's legal counsel listed below for additional information.

Idaho Power respectfully requests that all communications related to this filing be addressed to:

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May 26, 2023
Page 1

Please direct inquiries regarding this filing to Donovan E. Walker at (208) 388-5317.

Sincerely,

A handwritten signature in blue ink that reads "Adam Lowney". The signature is written in a cursive style with a large, looped initial "A".

Adam Lowney

Enclosures

cc: Service Lists for Dockets UE 233, LC 78, and UM 2255

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document on the parties to Dockets LC 78, UE 233, and UM 2255, Idaho Power’s previous IRP, rate case, and RFP filings, on the date indicated by email addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: May 26, 2023

/s/ Suzanne Prinsen

Suzanne Prinsen
Legal Assistant

RESOURCE PROCUREMENT FOR ELECTRIC COMPANIES

**REPORT TO THE
PUBLIC UTILITY COMMISSION OF OREGON
PURSUANT TO OAR 860-089-0100
(Redacted)**

IDAHO POWER COMPANY
ACQUISITION OF SOLAR AND BATTERY STORAGE RESOURCES FOR
2024 AND 2025

May 26, 2023

I. INTRODUCTION

Idaho Power Company (“Idaho Power” or “Company”), in accordance with OAR 860-089-0100(3) and (4), hereby respectfully submits this report explaining the circumstances related to a time-limited opportunity to acquire a resource of unique value to Idaho Power customers. Under the Public Utility Commission of Oregon’s (“Commission”) Competitive Bidding Rules (“CBRs”),¹ an electric utility such as Idaho Power must comply with the CBRs for the acquisition of a generation resource or contract 80 megawatts (“MW”) and larger and five years or longer in length, subject to certain exceptions.² An exception to this requirement is where “[t]here is a time-limited opportunity to acquire a resource of unique value to the electric company’s customers.”³ When this exception to the CBRs applies, the electric company must file a report with the Commission explaining the relevant circumstances of the acquisition.⁴

In this filing, Idaho Power provides notice that it has acquired two resources subject to the exception for a time-limited opportunity to acquire a resource of unique value to the electric company’s customers: (1) a total of 101 MW of new dispatchable battery energy storage systems (“BESS”) necessary to meet the identified capacity deficiencies in both 2024 and 2025; and (2) a 20-year Energy Storage Agreement (“ESA”) between Kuna BESS LLC (“Kuna BESS”) and Idaho Power necessary to meet the identified capacity deficiency in 2025.

¹ OAR Chapter 860, Division 089.

² OAR 860-089-0100(1).

³ OAR 860-089-0100(3)(b).

⁴ OAR 860-089-0100(4).

These resources were acquired through the Company's 2022 All-Source Request for Proposals process ("2022 RFP") and are the least-cost and least-risk resources necessary for meeting the Company's 2024 and 2025 capacity deficiencies.

II. BACKGROUND

A. Idaho Power's Updated Capacity Need

The Company has been generally resource-sufficient since the addition of the Langley Gulch natural-gas fired power plant almost a decade ago. The load and resource balance from the Second Amended 2019 Integrated Resource Plan ("IRP") did not show a capacity deficiency occurring until the summer of 2028. However, several converging factors, including limited third-party transmission capacity, load growth, and a decline in the peak serving effectiveness of certain supply-side and demand-side resources have caused Idaho Power to rapidly move to a near-term capacity deficiency starting in 2023. These dynamic circumstances led the Company to immediately begin resource procurement activities and acquire resources to be online in 2023⁵ and 2024.⁶ In addition, Idaho Power expects to acquire additional resources pursuant to the RFP process that is the subject of docket UM 2255.

⁵ On June 30, 2021, the Company conducted a competitive solicitation through an RFP seeking to acquire up to 80 MW of peak capacity resources to meet the 2023 capacity deficit ("2021 RFP"). The 2021 RFP sought resources to be online by June of 2023. The 2023 resources were included in Idaho Power's Notice of Exception Report filed on March 18, 2022, and include the (1) 40 MW power purchase agreement ("PPA") with Black Mesa Energy, LLC ("Black Mesa") that will be paired with a 40 MW battery storage resource owned by Idaho Power; and (2) a stand-alone 80 MW battery storage resource that will be owned by Idaho Power.

⁶ On December 30, 2021, the Company conducted a competitive solicitation through the 2022 RFP seeking to acquire energy and capacity to help meet Idaho Power's previously identified capacity needs of 85 MW in 2024 and an incremental 115 MW in 2025. The 2024 resources were included in Idaho Power's Notice of Exception Report filed on February 17, 2023, and include the (1) 100 MW PPA with Franklin Solar LLC ("Franklin Solar") that will be paired with an Idaho Power-owned 60 MW BESS; and (2) a standalone 12 MW BESS that will be owned by Idaho Power.

Because Idaho Power's capacity deficit can be very fluid, the Company continually evaluates system reliability to consider near-term known changes, operational enhancements, limitations, or constraints on the existing system, if any, to adequately inform resource needs. In the face of growing loads, Idaho Power is also keenly focused on current supply chain challenges, which requires Idaho Power to constantly monitor resource needs and respond with added urgency. To inform the 2022 RFP and the need for new resources in 2024 and 2025, Idaho Power conducted a near-term evaluation of resource need that included an enhanced reliability evaluation and the most up-to-date load and resource inputs.

1. Reliability Evaluation Enhancements

The Company made several enhancements to its reliability evaluation in preparation for the 2023 IRP, currently under development. First, Idaho Power adjusted the Company's resource capacities to account for Equivalent Forced Outage Rates during Demand ("EFORd") using a 5-year rolling average from the North American Electric Reliability Corporation Generation Availability Data System ("GADS"). The updated 5-year rolling average EFORd values will better reflect industry average generation resource performance data and resulting outage rates. Second, the Company adjusted the loss of load expectation ("LOLE") threshold from the 2021 IRP's 0.05 event-days per year to 0.10 event-days per year. Third, the Company reduced the resource availability associated with the capacity benefit margin ("CBM") from 330 MW to 200 MW from March through October and to 0 MW from November to February for resource adequacy purposes. These enhancements are being made as part of the load and resource balance

being developed for the 2023 IRP and were included in the analysis that informed the resources procured through the 2022 RFP.

2. Updated Load and Resource Balance

The Company's service area continues to experience very high load growth and the load forecast was updated using the most recent forecast. The Company also included current transmission reservations. The Company updated its resource inputs to include new resource additions anticipated since development of the 2021 IRP, including: (1) the Black Mesa 40 MW solar photovoltaic ("PV") PPA in combination with a 40 MW four-hour duration BESS, (2) the Hemingway 80 MW four-hour duration BESS in 2023 and an additional 12 MW of four-hour duration BESS in 2024, (3) the 11 MW four-hour duration BESS at various distribution substations,⁷ (4) the Franklin 100 MW solar PV PPA in combination with a 60 MW four-hour duration BESS, and (5) the 200 MW Pleasant Valley solar project in 2025.⁸

In addition, two adjustments to the resource inputs increased the capacity deficiency beginning in 2023: (1) a planned refurbishment of one hydro unit per year, for three years, at the American Falls facility that will reduce the overall resource availability by approximately 30 MW through 2025, and (2) the Langley Gulch facility has recently been derated by 20 MW through the fall of 2025 due to parts failure and supply chain

⁷ The Company is installing a total of 11 MW of four-hour duration BESSs beginning in summer 2023 at various distribution substations that will defer transformer upgrades and coincidentally effectively reduce system demand during peak hours.

⁸ The Pleasant Valley project was acquired to serve a special contract customer and was procured in accordance with the waiver granted by the Commission in Order No. 22-082. *In the Matter of Idaho Power Co. Application for Waiver of Competitive Bidding Rules to Procure Renewable Resources on behalf of New Idaho Load Customer*, Docket No. UM 2226, Order No. 22-082 (Mar. 11, 2022).

issues related to obtaining replacement parts. In addition, due to uncertainty associated with the two solar Qualifying Facilities located in eastern Oregon, totaling 72 MW of nameplate capacity, that were expected to be online by the summer of 2025, the Company has removed these projects from the system reliability analysis, resulting in an increase to the capacity deficiency beginning in 2025.

While continued procurement of additional resources reduced the capacity deficiencies, following enhancements to the system reliability calculations and continued load growth since completion of the load and resource balance used for the 2021 IRP, Idaho Power estimates a capacity deficiency of 8 MW still exists in 2024⁹ while the capacity deficiency in 2025 is 178 MW, with both of these deficiencies assuming the Company can compress the American Falls outages into nine-months, and maintain full American Falls capacity through the summer-months.

B. Idaho Power's 2022 RFP

1. 2022 RFP Development

Upon recognizing the urgency of the Company's capacity need, Idaho Power assembled an interdisciplinary team to develop and process several RFPs that have been

⁹ The Company initially expected that the 2024 resources that were the subject of the February 17, 2022, Notice of Exception Report would be sufficient to meet the 2024 capacity need. However, following updates to the system reliability evaluation, including (1) the reduced winter resource availability associated with CBM, (2) identification of an over-allocation of capacity of a resource in the Loss of Load Expectation ("LOLE") calculation, and (3) the unexpected 20 MW derate at Langley Gulch, the Company has determined that the combined 100 MW solar PV PPA and 72 MW of four-hour battery storage resources procured for 2024, discussed above, will not be sufficient to meet the identified 2024 resource needs. During the near-term resource decision-making phase, Idaho Power continually assesses system reliability. However, when the Company is repeatedly matching near-term resource procurements with the capacity need identified at a point in time, it is not possible to specifically align procurement of resources with the fluctuating need. The newly identified additional capacity need in 2024 is the result of trying to target a near-term resource need during a very fluid capacity deficit period.

issued to meet the near-term resource need (“RFP evaluation team”). Black & Veatch Management Consulting, LLC (“Black & Veatch”) was engaged to assist the RFP evaluation team, providing guidance and support for the RFP process.

On December 10, 2021, Idaho Power released a public Notice of Intent to industry developers and media outlets noticing the Company’s intent to release the 2022 RFP, which was also posted on Idaho Power’s website. The Notice of Intent was also directly emailed to approximately 70 developers, comprised of developers currently in the Company’s Generation Interconnection Queue as well as developers with whom Idaho Power had communicated during the 2021 RFP process.

On December 30, 2021, the RFP evaluation team issued a formal request for competitive proposals for the acquisition of electric energy and capacity delivered from electric resources that employ certain qualifying technologies under varying ownership arrangements to help meet the 2024 and 2025 capacity needs. The 2022 RFP sought resources capable of meeting the Company’s 2024 and 2025 capacity needs and the same products were solicited for both 2024 and 2025. The 2022 RFP sets forth the process and procedure utilized to solicit and evaluate proposals.¹⁰

The 2022 RFP identified the purpose, key product specifications, electric interconnection requirements, proposal format, qualitative and quantitative evaluation criteria, technical specifications, and additional requirements necessary to submit a qualifying proposal. The submittal requirements provided the key information to assess

¹⁰ The 2022 RFP was attached to the Company’s February 17, 2023, Notice of Exception Report and can be found here: <https://edocs.puc.state.or.us/efdocs/HNA/um2255hna175711.pdf>.

both price and non-price attributes. The 2022 RFP was sent directly to the 41 developers who responded to the Notice of Intent.

The 2022 RFP solicited renewables, such as solar PV, wind or geothermal, energy storage projects, and renewables plus energy storage projects. In addition, the Company identified gas-fired resources that are convertible to hydrogen and demand response resources as eligible products. Idaho Power also accepted other products if they met the functionality criteria outlined in the 2022 RFP.

The 2022 RFP also encouraged bidders to configure resources to maximize energy delivered during hours that are most valuable to Idaho Power, which were identified in the RFP.

The 2022 RFP sought to acquire resources for 2024 and 2025 and did not restrict bids based on resource type or ownership structure. That is, the RFP allowed bids for all commercially viable resource types as well as third-party ownership of those resources.

2. 2022 RFP Results

For the 2025 resource need, Idaho Power received 36 proposals from 14 different developers spanning a variety of product types, including one benchmark resource from the Company's Power Supply department.¹¹ The 36 proposals were made up of 45 different projects as some of the proposals were merely contract and pricing structure variations of the same resource type.

¹¹ Idaho Power maintains a Separation of Functions Protocol ("Protocols") for resource procurement efforts that requires independent functioning of the RFP evaluation team members and the Power Supply personnel who submit benchmark resource proposals ("Internal Team"). The Protocols detail the separation of duties including the prohibition of sharing non-public information related to the competitive bidding procedures for the procurement of generation resources between the RFP evaluation team and the Internal Team.

Confidential Exhibit 1 presents the evaluation process of the project submittals. Each project is identified as Project No. 1 through 36 in Table 1 of the exhibit. The qualitative and quantitative evaluations were performed iteratively. The qualitative evaluation ranked the proposals based on project feasibility, project capability, counterparty profile, and community stewardship, with each category weighted to ensure the evaluation process is conducted without bias and yields results that are aligned to Idaho Power's resource needs. The quantitative evaluation ranked the proposals by cost.

The qualitative evaluation used the 57 unique factors identified in the 2022 RFP for scoring. Idaho Power began qualitative evaluation of the 45 projects (36 proposals) for 2025 in March 2022 using the objective scoring methodology to reasonably evaluate the attributes of each bid.¹²

Upon completion of the qualitative evaluation, the scores were reviewed to ensure consistent application of scores and rating criteria. A review of the relative pricing of the various proposals was also performed at this time resulting in the final short list of proposals.

The qualitative evaluation allows for the relative ranking of the initial short list projects to better identify those projects that best meet the Company's resource needs. To further refine those projects that would move to the final short list, the RFP evaluation team performed a quantitative evaluation comparing the relative price components through indicative AURORA scenarios, which allowed for the use of a consistent common

¹² Evaluation of all proposals submitted under the 2022 RFP commenced at the same time. However, evaluation and selection of the 2024 resources was the most time sensitive and therefore was prioritized over the completion of the evaluation and selection of the 2025 resources.

evaluation tool with consistent common assumptions in that tool, for reasonable evaluation results. Using the most recent load forecast at the time, the RFP evaluation team used AURORA's long-term capacity expansion ("LTCE") modeling capability to develop the least-cost, least-risk portfolio for meeting the 2025 capacity deficiency. Under the LTCE modeling approach, the levelized cost of all 45 projects are input into AURORA as potential resource additions, along with their project specific operating characteristics and any potential variable costs. The LTCE model optimizes these potential resource selections based on the performance of each resource within Idaho Power's zone, optimizing for the cost function while meeting the Company's identified capacity deficiency.

3. 2022 RFP Final Short List

Eight project proposals made the short list, Project Nos. 1, 6, 7, 13, 15, 16, 17, and 31, and are presented in Table 3 of Confidential Exhibit 1.

The indicative AURORA modeling scenarios consistently selected Project Nos. 31 and 15 as the resource additions resulting in a least-cost, least-risk portfolio for meeting the identified 2025 capacity deficiency. To ensure a more robust final short list for negotiating best and final offers and to begin contract negotiations, and considering the need to meet the increasing 2025 capacity deficiency, Idaho Power also selected Project Nos. 1, 6, 7, 13, 16, and 17, the next most cost-effective projects to move forward to the short list as well.

Project No. 34 did not have any available transmission capacity and therefore did not make the short list. Similarly, although modeled as part of the LTCE analysis, Project Nos. 2, 3, 4, 5 and 33 also did not have any available transmission capacity, and Project

Nos. 25, 26, and 27 were not cost-effective options because of the limited capacity benefit of the energy storage resulting from the project's use of Surplus Interconnection Service.¹³

Following establishment of the short list, the RFP evaluation team provided another opportunity for developers to update and clarify their pricing information, to provide developers the opportunity to adjust project pricing for any potential changes. Five of the shortlist projects listed in Table 3 of Confidential Exhibit 1 provided updated pricing, four of which provided increased pricing indicating continued supply chain issues and inflationary pressures on material and labor costs, and one provided updated pricing that had decreased. In addition, it was at this time that the developer of Project No. 6 notified the RFP evaluation team that they were unable to meet a June 2025 commercial operation date and therefore were no longer eligible for evaluation.

Based on the updated pricing, and using the updated levelized cost inputs in AURORA, the LTCE analysis was performed again for Project Nos. 1, 7, 13, 15, 16, 17 and 31. Similar to the initial LTCE analysis, Project No. 31 was consistently selected as the most cost-effective resource for meeting the 2025 capacity deficiency. While Project No. 31 was consistently selected as the most cost-effective resource for meeting the 2025 capacity deficiency as part of the initial LTCE analysis and again for the LTCE analysis

¹³ "Surplus Interconnection Service" is a form of interconnection service that allows a new interconnection customer to use excess or unused interconnection service capacity associated with an existing resource. As the RFP bid resources were in addition to existing facilities already contemplated as resources available to Idaho Power, the benefit of the capacity resource was limited to the existing interconnection limit. In the case of Project Nos. 25, 26, and 27, which were Surplus Interconnection Service submittals adjacent to existing hydro-electric projects, the benefit offered did not exist in the summer months when the hydro-electric projects typically do not have any latent interconnection capacity available, therefore the reduced surplus availability prevented selection of Project Nos. 25, 26, and 27 through the LTCE modeling process.

performed with the short list projects, at the time the LTCE analysis was performed for the short list projects, the 2025 capacity need had increased. To account for the increased 2025 capacity deficiency, Idaho Power also selected the next most cost-effective resource, Project No. 15, to meet the 2025 capacity deficiency. The combination of Project No. 31 and Project No. 15 were sufficient to meet Idaho Power's capacity need in 2025.

Project No. 31 envisioned a 150 MW energy storage facility either (1) under a build-transfer agreement, becoming an Idaho Power-owned battery storage facility, or (2) under a 20-year ESA, supplying capacity from the battery storage facility to Idaho Power. The 150 MW ESA was the most cost-effective of the two alternatives. The next most cost-effective resource, Project No. 15, the benchmark resource, is an Idaho Power-owned battery storage facility of up to 150 MW.

C. Kuna BESS ESA

On April 26, 2023, Idaho Power and Kuna BESS executed a 20-year ESA. Under the terms of the ESA, Kuna BESS will develop, design, construct, own, and operate a BESS located in Kuna, Idaho, supplying 150 MW of capacity on Idaho Power's system. An executed copy of the ESA is included as Confidential Exhibit 2.

The ESA acts as a type of lease whereby Kuna BESS will develop, design, construct, own, and operate the battery storage system and, in accordance with the terms of the agreement, Idaho Power will supply the charging energy for the system and has the exclusive right to dispatch and use the charging and discharging energy in exchange for a monthly payment.

The ESA contains fixed, monthly capacity pricing, with no annual escalation, throughout the term of the agreement. The Contract Price is set forth in Article I of the ESA. The terms of the ESA, including pricing, security, and other terms of service, are generally consistent with industry standard terms included in other of the Company's procurements and energy sales agreements.

Under Section 3.6, the ESA provides for a Guaranteed Commercial Operation Date, which is 180 days after the Scheduled Commercial Operation Date of June 1, 2025. Article VIII of the ESA contains provisions requiring the Seller to post and maintain Credit Support. Credit Support secures payment of the Termination Payment for an Event of Default by Seller, Delay Damages for Seller's failure to achieve Commercial Operation by the Expected Commercial Operation Date, and any other Seller liabilities under the ESA.

Section 1.1 of the ESA contains a Guaranteed Round-Trip Efficiency as of the Commercial Operation Date of 85.9 percent, which decreases 0.22 percent annually. If the Round-Trip Efficiency is less than the Guaranteed Round-Trip Efficiency, Section 2.3 of the ESA includes a Round-Trip Efficiency Adjustment that reduces the Monthly Capacity Payment. Section 1.1 of the ESA contains a Guaranteed Project Response Time of 4.0 seconds and section 2.4 of the ESA includes a liquidated damage of \$1,000 upon each instance where the Project does not achieve the Guaranteed Project Response Time.

In addition, Section 5.2 of the ESA contains a performance requirement in the form of an Availability Guarantee. The Availability Guarantee, detailed in Annex C to the ESA, requires Seller to achieve an Equivalent Availability of at least 97.5 percent during the Summer Availability Period and at least 95.0 percent during the Non-Summer Availability

Period. If the project delivers less than the Availability Guarantee during any Measurement Period, Seller must pay Guaranteed Availability Liquidated Damages based on the prorated portion of the difference between the Equivalent Availability and the Guaranteed Availability. In addition, Article V of the ESA contains operational and control provisions including, without limitation, dispatch, charging requirements, communications, automatic generation control, maintenance, and maintenance outages.

Section 3.1 provides that the ESA will only become effective upon Idaho Public Utilities Commission (“IPUC”) approval of all terms and provisions of the ESA as well as the accounting and regulatory treatment requested by the Company, and declaration that all payments the Company makes to Seller for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes; provided that, if IPUC approval does not occur by November 26, 2023, the Company has the option to waive IPUC approval as a condition to the ESA becoming effective. If IPUC approval, or the Company’s waiver of such condition, has not occurred by May 26, 2024, Seller may terminate the ESA and, except with respect to those provisions that expressly survive termination, neither the Company nor Seller shall have any obligations under the ESA.

D. Battery Energy Storage Systems

Because Project No. 15 is a benchmark resource, an agreement associated with the purchase of the BESS that details the construction, operation, and maintenance of the system, such as a build-transfer agreement, is not necessary. Rather, the Company will initiate a purchase order with a battery supplier and enter into a contract specific to the delivery and contract price of the BESS. Upon notification of selection by the RFP

evaluation team, the Company's Power Supply department began discussions with suppliers for procurement of the BESS but has not yet executed a purchase order.

At the time Idaho Power's Power Supply department was notified of a successful bid, the Company's 2025 capacity deficiency had grown. A 77 MW BESS is required to move into a capacity-length position. The Idaho Power-owned 77 MW battery storage will be located in Nampa, Idaho, at the existing Happy Valley station. The project submittal identified three sites at which the BESS could be located. The RFP evaluation team assessed the three sites and recommended Happy Valley station as it had an executed Large Generator Interconnection Agreement.

Idaho Power will also enter into a Long-Term Services Agreement for Operations and Maintenance ("O&M") services performed for the energy storage project following commercial operation of the project, similar to the battery storage resources to be in-service in 2023 and 2024.

As discussed above, the Company's capacity deficit remains very fluid during the near-term resource decision-making phase, driven in part by continued high load growth. During preparation of the 2023 IRP, as the load and resource balance was refreshed, the Company determined that, even with the addition of the combined 100 MW solar PV facility and 60 MW energy storage facility and the 12 MW of battery storage at the Hemingway substation in 2024, an 8 MW capacity shortfall still exists in 2024. Therefore, Idaho Power is proposing to address this shortfall by procuring an additional 24 MW of battery storage resources to be located at the Hemingway substation, the location of the 80 MW energy storage project currently being installed to be in service in 2023.

REDACTED

Idaho Power is proposing to procure an additional 24 MW of battery storage to add to the Hemingway substation energy storage project because the project was the next most cost-effective resource addition identified during evaluation of the 2024 project submittals to the 2022 RFP. Idaho Power has not entered into a contract for the 24 MW of battery storage, but it intends to execute a Battery Energy Supply Agreement for the 24 MW BESS with Powin Energy Corporation (“Powin”), similar to previous agreements executed with Powin. The Company has contacted Powin to confirm availability and has received indication the additional 24 MW of battery storage is feasible.

Although a contract has not been executed for the 77 MW Happy Valley BESS or for the 24 MW Hemingway BESS, Idaho Power estimates project costs of \$[REDACTED] million and \$[REDACTED] million, respectively.

III. DISCUSSION

The Idaho Power-owned BESS and Kuna BESS ESA represent time-limited opportunities to acquire resources of unique value to customers. The Company faces an urgent near-term capacity deficit and additional resources are necessary to meet the Company’s resource needs to ensure reliable and adequate service to customers.

To ensure reliable service in 2025, the Company issued its 2022 RFP seeking to acquire new resources capable of reaching commercial operation by mid-2025. The RFP was open to multiple resource types and had no restriction on ownership structures. The market response to the RFP was robust—the Company received 36 proposals, comprising 45 eligible project submittals, from 14 different developers.

To evaluate the bids, the Company analyzed 57 different qualitative factors in addition to price. The Company’s comprehensive resource portfolio modeling used the

same LTCE model that is used to develop its IRPs. Through qualitative and quantitative evaluations, the RFP evaluation team narrowed the project submittals to a short list, and ultimately the identification of a combination of two projects that resulted in the acquisition of least-cost, least-risk resources.

To meet the additional 2024 capacity deficiency, the Company used the results from the same fair and competitive 2022 RFP process, selecting the next most cost-effective project identified as part of the qualitative and quantitative evaluation performed with the 2024 project submittals. The two 2025 projects, and the additional 2024 project, are necessary and required to timely meet the Company's resource needs and continue to provide reliable and adequate service to Idaho Power's customers starting in the summer of 2024 and into the future.

IV. CONCLUSION

To meet Idaho Power's upcoming capacity deficit, the Company was required to procure additional capacity resources on an expedited basis. The combination of the Kuna BESS ESA and BESS were selected as the most cost-effective resources through a robust and comprehensive competitive RFP. The resources present a time limited opportunity and provide value to customers because they can achieve commercial operation by summer 2024 and summer 2025.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IDAHO POWER COMPANY'S NOTICE OF EXCEPTION
UNDER OAR 860-089-0100

Exhibit 1

Project Submittals Evaluation

REDACTED

May 26, 2023

**EXHIBIT 1 IS CONFIDENTIAL PER
OAR 860-001-0070 AND WILL BE
PROVIDED SEPARATELY**

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IDAHO POWER COMPANY'S NOTICE OF EXCEPTION
UNDER OAR 860-089-0100

Exhibit 2

Executed Energy Storage Agreement

REDACTED

May 26, 2023

**EXHIBIT 2 IS CONFIDENTIAL PER
OAR 860-001-0070 AND WILL BE
PROVIDED SEPARATELY**