

DONOVAN WALKER
Lead Counsel
dwalker@idahopower.com

February 8, 2024

VIA ELECTRONIC FILING

puc.FilingCenter@puc.oregon.gov

Public Utility Commission of Oregon
Filing Center
P.O. Box 1088
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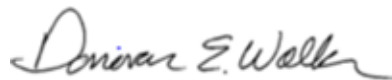
Re: Docket No. UM 2255 – Application for Approval of 2026 All-Source Request for Proposals to Meet 2026 Capacity Resource Need

Attention Filing Center:

Enclosed for electronic filing in the above-referenced docket, please find Idaho Power Company's Reply Comments.

If you have any questions about the attached filing, please do not hesitate to contact me.

Sincerely,



Donovan Walker

DEW:cd
Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2255

In the Matter of

IDAHO POWER COMPANY

Application for Approval of 2026 All-Source
Request for Proposals to Meet 2026
Capacity Resource Need.

**IDAHO POWER COMPANY'S
REPLY COMMENTS**

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I. INTRODUCTION

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Idaho Power Company (“Idaho Power,” “IPC,” or “Company”) hereby submits these comments in reply to the Staff Report filed on February 1, 2024, addressing Idaho Power’s Final Shortlist (“FSL”) in its 2026 All-Source Request for Proposals (“2026 AS RFP”), for which approval was requested on December 4, 2023. Staff’s Report also addressed the FSL report prepared by the independent evaluator (“IE”), London Economics, International (“LEI”).

Staff found that “IPC has vastly complied with the competitive bidding rules through the 2026 RFP Process,” and Staff is generally supportive of acknowledging the FSL.¹ Based on this finding, Staff recommended that the Public Utility Commission of Oregon (“Commission”) acknowledge the FSL subject to two conditions. Idaho Power appreciates Staff’s thorough review of the FSL and 2026 AS RFP and does not object to the recommended conditions. The Company looks forward to the Commission’s consideration of the FSL at the February 20, 2024, Public Meeting.

¹ Staff Report at 6.

II. DISCUSSION

A. Response to Staff Condition No. 1

Staff's Condition No. 1 states:

Acknowledge FSL volume up to 1,100 MW of variable energy resources and 350 MW of peak capacity to meet the 2026 and 2027 capacity needs identified in the 2021 IRP. The Company shall file a report accompanying the IE's Contract Negotiations report with an explanation and justification for any procurement volume in excess of the 1,100 MW of variable energy resources and 350 MW of peak capacity necessary to meet the 2026 and 2027 capacity needs identified in the 2021 IRP.

Idaho Power does not object to Staff's Condition No. 1. The Company's energy and capacity needs in 2026 and 2027 have been and may continue to be in flux as new customer load, reliability requirements, new resource additions and other factors continue to evolve at a rapid pace. If the Company's resource procurement volumes exceed the stated amounts, the Company will file a report explaining and justifying the volume of resources procured.

B. Response to Staff Condition No. 2

Staff's Condition No. 2 states:

IPC shall retain the IE to monitor and report on all contract negotiations. The IE will report to Staff at least monthly on contract negotiations and any impacts to pricing or bid withdrawals and file a final report in UM 2255 including:

1. LTSA, O&M costs, and any other areas of risk for cost overruns by projects involving utility ownership that outbid a PPA or BSA alternative.

2. A description of any negotiations that resulted in a modification to the ownership structure of the bid, as compared to how it was presented in the FSL, including a full account of the unique risks and advantages of bids that became utility-owned bids as part of contract negotiations.

1 3. A full analysis of how the specific commercial terms shaped
2 the FSL and any impact to bid prices, including but not limited
3 to analysis of negotiations on the following contract terms:
4 Guaranteed COD, Transmission Upgrade Cost, Transmission
5 Scheduling of Energy Effective Date, curtailment, and output
6 guarantees

7 The Company does not object to Staff's Condition No. 2. To that end, the
8 Company has engaged with the IE to update its contractual terms to include the specific
9 requirements of the IE's engagement. The Company has provided the IE and Staff with
10 updates regarding its early negotiations with FSL bidders, and beginning February 8,
11 2024, began including the IE on all material correspondence and meetings with the FSL
12 bidders.

13 Regarding Staff's comments on long term service agreement ("LTSA") and
14 operations and maintenance ("O&M") costs and areas of risk, Idaho Power does not
15 object to Staff's proposal that, in the event of cost overruns of utility-owned projects for
16 which third party power purchase agreement ("PPA") or battery services agreement
17 ("BSA") alternatives were available, Idaho Power should be held to the O&M costs used
18 to bid into the RFP and cost recovery above such values should be reviewed in future
19 rate cases. The Company believes the overall cost of the project, including capital and
20 O&M costs, should be considered holistically to determine "cost overruns" noted by Staff.
21 For example, if during negotiations a bidder increases the cost of their O&M contract offer
22 but decreases the cost of the asset purchase resulting in a lower levelized cost compared
23 to PPA or BSA alternatives, this would not constitute an O&M cost overrun. Idaho Power
24 believes the IE's assessment of the general fairness and equal treatment of PPA/BSA
25 and build transfer agreement ("BTA") bids supports Idaho Power's analysis and further

1 monitoring by the IE of these aspects of the contract negotiations will provide further
2 assurance.

3 Turning to the second item included in Staff's Condition No. 2, as Staff states, the
4 Company considers it very unlikely that negotiations will result in a modification to the
5 ownership structure of the bid. There have been no discussions with any of the
6 developers on the FSL that would lead to a modification of the ownership structure of the
7 FSL bids. However, if a bidder were to propose a modification to the ownership structure
8 during the course of negotiations (however unlikely that may be), then the Company
9 would fairly evaluate such a change to determine if it is reasonable to pursue such an
10 opportunity.

11 Finally, turning to the third item in Condition No. 2, in its early discussion with
12 bidders, the Company has received updates to certain contractual terms, such as those
13 listed by Staff, that could influence the selection of successful bids by changing the Aurora
14 modeling and reliability results. The Company has provided these updates to the IE and
15 Staff and will continue to provide to the IE such information. Further, effective February
16 8, 2024, the Company is now including the IE on all material correspondence and
17 invitations to all material negotiation meetings with FSL bidders.

18 **C. Update on Contract Negotiations**

19 Staff noted a concern that Idaho Power could potentially execute contracts for FSL
20 bids prior to Commission acknowledgment.² Staff is correct that, consistent with the
21 Competitive Bidding Rules, and given the rapidly decreasing time for contract negotiation
22 and project development and construction before the June 2026 need, the Company

² Staff Report at 15.

1 began negotiations with multiple FSL projects upon filing for acknowledgment of the FSL.
2 Those negotiations are proceeding at varying paces and each project has different factors
3 driving the timing of negotiations. In any case, Idaho Power confirms it will ultimately only
4 procure what is economic to serve the load, and that it does not intend to execute binding
5 contracts with FSL project(s) prior to the Commission's consideration of the FSL for
6 acknowledgment.

7 III. CONCLUSION

8 Idaho Power appreciates Staff's review of the 2026 AS RFP FSL. Throughout this
9 process the Company has worked extensively and collaboratively with Staff and the IE to
10 arrive at a fair and impartially developed FSL. The Company looks forward to continuing
11 this collaborative process to expeditiously receive Commission acknowledgment of the
12 FSL to enable it to procure resources for the summer of 2026.

13 Respectfully submitted this 8th day of February 2024.

McDOWELL RACKNER GIBSON PC



Adam Lowney
McDowell Rackner Gibson PC
419 SW 11th Ave #400,
Portland, OR 97205
Telephone: (503) 595-3926
Facsimile: (503) 595-3928
adam@mrg-law.com
dockets@mrg-law.com

Donovan E. Walker
Lead Counsel
1221 West Idaho Street
P.O. Box 70
Boise, Idaho 83707

Attorneys for Idaho Power Company