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August 9, 2024

VIA E-MAIL TO

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Docket No. UM 2317 - In the Matter of Idaho Power Company Application for Approval of 2028 All-Source Request for Proposals to Meet 2028 Capacity Resource Need.

Attention Filing Center:

Attached for filing in the above-referenced docket, please find Idaho Power Company's Response to Staff's Public Meeting Memorandum and the Second Independent Evaluator Assessment Report.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cole Albee".

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2317

In the Matter of

IDAHO POWER COMPANY

Application for Approval of 2028 All-Source
Request for Proposals

**IDAHO POWER COMPANY'S
RESPONSE TO STAFF'S PUBLIC
MEETING MEMORANDUM AND THE
SECOND INDEPENDENT EVALUATOR
ASSESSMENT REPORT**

I. INTRODUCTION

1
2 In accordance with the schedule filed by Staff on July 16, 2024, Idaho Power
3 Company ("Idaho Power" or "Company") hereby submits these comments responding to
4 both the Staff Report filed on July 29, 2024, and the Second Independent Evaluator
5 Assessment Report filed by London Economics International LLC ("LEI" or "IE") on
6 August 2, 2024, recommending approval, with conditions, of the Company's draft 2028
7 All-Source Request for Proposals ("2028 AS RFP") and Scoring and Modeling
8 Methodology ("SMM"). Idaho Power appreciates Staff's and LEI's review of the
9 2028 AS RFP and the opportunity to submit these comments responding to their
10 recommended conditions.

11 The Company largely accepts Staff's and LEI's recommendations and will
12 incorporate the specific conditions into the 2028 AS RFP documents. The Company does,
13 however, provide two alternative proposals regarding (1) the timing of the benchmark bid
14 submittals and evaluation in response to Staff's RFP Condition 1; and (2) the appropriate
15 output guarantees for the pro forma contracts in response to Staff's RFP Condition 4.

II. RESPONSE TO STAFF

1 The following section addresses each of Staff's recommended conditions and
2 provides Idaho Power's response.

3 **A. SMM Condition 1: Prior to the selection of an FSL, Idaho Power should**
4 **clearly specify and provide supporting documentation for any changes to**
5 **the 2028 capacity need and publish this documentation to this docket and to**
6 **bidders.**

7 Idaho Power agrees to this condition. Throughout the evaluation process and prior
8 to the selection of a final shortlist, Idaho Power will provide supporting documentation for
9 any changes to the 2028 capacity need and publish this documentation to this docket and
10 to bidders. Any changes will be reflected in the modeling such that the best information
11 available is utilized in preparation of the final shortlist.

12 **B. SMM Condition 2: Idaho Power will work with the IE to develop a sensitivity**
13 **that reflects decreases to the stated 2028 capacity need and include this**
14 **sensitivity in the Final Shortlist.**

15 Idaho Power agrees to this condition. Idaho Power will coordinate with the IE to
16 develop appropriate sensitivities that reflect current information and potential load
17 decreases or increases to the stated 2028 capacity need and include this sensitivity in
18 the final shortlist. Based on the current information at the time of modeling, Idaho Power
19 will support appropriate decreases based on anticipated load materializing, or not, to
20 rationalize the model sensitivities.

21 **C. SMM Condition 3: With the Final Shortlist, Idaho Power should share with**
22 **Staff and the IE modeling results that demonstrate the Company has**
23 **considered bids from all three bid groups as appropriate.**

24 Idaho Power agrees to this condition in as much as Staff is suggesting that the first
25 final shortlist for 2028 projects takes into consideration projects from the bid groups that
26 bid into that first portion of the RFP (*i.e.*, bids that submit by September 17, 2024).

1 Projects that submit to the later portion of the RFP (*i.e.*, “2029 bids” that are due
2 January 27, 2025) will not be taken into consideration for the first final shortlist (which
3 according to the current schedule would be submitted December 20, 2024) since the
4 timelines don’t allow for this. Idaho Power reiterates, and Staff recognized, that “Idaho
5 Power has clarified that continuous modeling iterations are part of its standard processes”
6 and results will be shared with Staff and the IE. Additionally, Idaho Power agrees with
7 Staff’s comments and highlights Figure 1 of Staff’s report clearly identifying overlapping
8 timelines of evaluation when reviewing the different bid groups.

9 **D. SMM Condition 4: Idaho Power to work with the IE to develop a sensitivity**
10 **analysis that evaluates the impact of a range of ITC and PTC discount rates**
11 **on bids.**

12 Idaho Power agrees to this condition related to the sensitivity analysis performed
13 as part of the pricing model process. Performing the sensitivity analysis at this phase of
14 the process will demonstrate the impact on the levelized cost of the varying investment
15 and production tax credits (“ITCs” and “PTCs”).

16 **E. SMM Condition 5: Idaho Power will ensure the IE includes an assessment of**
17 **the reasonableness of any costs allocated to ERIS bids in its initial shortlist**
18 **report.**

19 Idaho Power agrees to this condition and will include assumptions related to costs
20 that may be applicable to Energy Resource Interconnection Service (“ERIS”) bids with
21 appropriate rationale. ERIS studies generally identify the system upgrades needed to
22 inject generation onto the grid at the point of interconnection. The ERIS studies do not
23 evaluate capability of the system to integrate the resource into the system or move the
24 energy injected beyond the point of interconnection to deliver to load. If a bid is studied
25 only for ERIS, then when Idaho Power later submits the network transmission service
26 request, the transmission study process will be the first time that resource has been fully

1 studied for deliverability to load. If network upgrades are required to ensure that
2 deliverability to load, they would only be identified at that time, which could add delays
3 and additional cost to the process. Because use of ERIS could introduce significant
4 delays, undermining reliability, and potentially result in additional cost, it is critical that
5 Idaho Power factor ERIS costs into the evaluation process.

6 **F. RFP Condition 1: Idaho Power will work with Staff and Stakeholders to**
7 **finalize the RFP schedule, including but not limited to the timing of**
8 **benchmark bid scoring, IE reports, and price updates, prior to releasing the**
9 **RFP.**

10 Idaho Power has an urgent need for additional resources to meet its 2028 peak
11 energy and capacity needs and that 2028 need is driving this RFP. The Company also
12 has ongoing resource needs beyond 2028, which could increase significantly with the
13 addition of one or more new large loads. To address these two distinct needs, Idaho
14 Power could have filed two separate RFPs—the current 2028 AS RFP and a separate
15 but concurrent RFP for resources capable of achieving commercial operation after 2028.
16 Instead, the Company, in coordination with Staff and the IE, chose to use this single RFP
17 filing to create a bifurcated process to address (1) bids capable of meeting the 2028
18 resource need and (2) bids capable of meeting the post-2028 resource need. While the
19 two processes will somewhat overlap in time¹ and utilize a common SMM and IE, the
20 processes will largely function as two distinct solicitations that are each intended to
21 address unique timing and resource needs. The 2028 bids and post-2028 bids will be
22 separately submitted, separately scored and reviewed, and separately selected to two
23 different shortlists.

¹ The Company will be negotiating with 2028 bidders while scoring the post-2028 bids, which will enable the Company to holistically assess a portfolio of bids from both shortlists; the 2028 and post-2028 process will be otherwise be largely separate.

1 Throughout this RFP process, the Company has sought to take advantage of
2 efficiencies wherever possible to streamline the RFP and prevent delay, consistent with
3 the Staff's prior guidance.² The Company's proposal to bifurcate the 2028 and post-2028
4 bids is consistent with that same spirit and is intended to create a more efficient and timely
5 solicitation process that will conserve Commission, Staff, stakeholder, and Idaho Power
6 resources. Filing a separate RFP for post-2028 resources will cause unnecessary delays
7 and consume significantly greater time and energy for all involved. Further delay is
8 particularly concerning because the Company is seeking post-2028 bids for long-lead
9 time resources that must be identified and selected with sufficient time to allow the
10 resources to reach commercial operation to meet the Company's anticipated resource
11 need.

12 Consistent with the Company's bifurcated framework for submission and scoring
13 of 2028 and post-2028 bids, the Company had intended for all benchmark bids to be
14 submitted on a separate timeline according to whether the benchmark bid was a 2028 or
15 post-2028 resource. Under the proposed schedule in the Company's draft RFP, 2028
16 benchmark bids would be submitted and scored in August, before opening 2028 non-
17 benchmark bids, and post-2028 benchmark bids would be submitted and scored in
18 December, before opening the post-2028 non-benchmark bids. The Company would also
19 update Exhibit P to the RFP with more details around the post-2028 benchmark bids

² *In the Matter of Idaho Power Company Application for Approval of 2028 All Source Request for Proposals to Meet 2028 Capacity Resource Need*, Docket No. UM 2317, Order No. 24-120, App'x A at 8 (May 2, 2024) ("Staff sees merit in identifying strategies to build efficiency into the RFP process where doing so protects the public interest."); *In the Matter of Portland General Electric Company, 2023 All-Source Request for Proposals, Request for Partial Waiver of Competitive Bidding Rules*, Docket No. UM 2274, Order No. 23-146, App'x A at 4 (Apr. 21, 2023) ("External factors such as supply chain disruptions or changes to federal policy can have a major impact on the procurement process. Given this complexity and uncertainty, seeking reasonable accommodations to save time and streamline the process is justifiable.").

1 before those benchmark bids are submitted in December, allowing third-party bidders
2 several months to review the post-2028 benchmark bids before submitting their own third-
3 party bids in January 2025. This approach ensures that all bids, including benchmark
4 bids, are subject to the same framework and timelines, consistent with the Commission’s
5 intention to “establish a fair, objective, and transparent competitive bidding process.”³

6 Staff, however, recommends that the Company submit all 2028 and post-2028
7 benchmark bids at the same time and before submission of 2028 non-benchmark bids.⁴
8 Staff’s recommendation would mean that the Company must submit and score all post-
9 2028 benchmark bids months before all other post-2028 bids are due.

10 Staff rationale for this proposal is based on literal reading of OAR 860-089-0350(1),
11 which requires that the Company score benchmark bids before opening non-benchmark
12 bids. Staff claims that its recommendation is necessary to “prevent the inspection, review,
13 or scoring of non-benchmark bids prior to submission of the benchmark bid score.”⁵
14 Under the Company’s proposal, however, all 2028 benchmark bids will be scored by both
15 the Company *and* the IE, and the score submitted to the Commission before the
16 inspection, review, or scoring of non-benchmark 2028 bids. Likewise, the post-2028
17 benchmark bids will be scored by the Company and the IE, and the score submitted to
18 the Commission before the inspection, review, or scoring of non-benchmark post-2028
19 bids. The Company’s proposal therefore “preserves the integrity of the process by
20 isolating the benchmark scoring process from exposure to information about other bids”

³ OAR 860-089-0010(1).

⁴ Staff Report at 14-15.

⁵ Staff Report at 14.

1 that are being compared to the benchmark.⁶ Bifurcating the benchmark bidding process
2 to align with the non-benchmark bidding process for each solicitation satisfies the policies
3 underlying OAR 860-089-0350(1), while also ensuring fair and equitable treatment for all
4 bids, including benchmark bids.

5 Moreover, any potential scoring biases or concerns over the selection of
6 benchmark bids in either the 2028 or post-2028 bid pools will be thoroughly reviewed and
7 vetted by Staff, the IE, stakeholders, and the Commission when the Company seeks
8 acknowledgement of the shortlist for each pool of bids. The process embodied in the
9 competitive bidding rules is designed to address these concerns and there is no reason
10 that it would be ineffective simply because the post-2028 benchmark bids were scored
11 after the Company received 2028 non-benchmark bids.

12 Staff's proposal will effectively preclude the Company from submitting benchmark
13 bids for post-2028 resources because those benchmark bids would be due on August 28,
14 which does not provide sufficient time to fully develop the bids. When proposing a
15 bifurcated schedule, the Company specifically pushed out the due date for post-2028 bids
16 to provide bidders a reasonable opportunity to develop bids for longer-lead time
17 resources. Staff's proposal would create an intentionally uneven playing field and
18 disadvantage benchmark bids to create a less competitive RFP.⁷

19 Creating a solicitation process that effectively precludes potentially low-cost utility
20 benchmarks is directly contrary to the purpose of the competitive bidding rules, which is

⁶ *In the Matter of Rulemaking Regarding Allowances for Diverse Ownership of Renewable Energy Resources*, Docket No. AR 600, Staff's Final Comments at 22 (June 15, 2018).

⁷ *See contra In the Matter of Idaho Power Company Application for Approval of 2026 All Source Request for Proposals to Meet 2026 Capacity Resource Need*, Docket No. UM 2255, Order No. 23-260 at 5 (July 17, 2023) ("Under OAR 860-089-0250(5), we may approve an RFP with any necessary conditions if we find the RFP meets the requirements of the CBRs and will result in a *fair and competitive bidding process.*") (emphasis added).

1 to “provide an opportunity to minimize long-term energy costs and risks, complement the
2 integrated resource planning (IRP) process, and establish a fair, objective, and
3 transparent competitive bidding process, without unduly restricting electric companies
4 from acquiring new resources and negotiating mutually beneficial terms.”⁸ While the
5 Company appreciates stakeholder concerns over fair scoring of benchmark and non-
6 benchmark bids, the solution is not to preclude benchmark bids altogether.

7 Finally, to the extent that the Commission concludes that OAR 860-089-0350(1)
8 requires Staff’s recommended approach, the Company requests a waiver of that rule to
9 the extent necessary to adopt the schedule proposed in the Company’s draft 2028 AS
10 RFP that allows post-2028 benchmark bids to be submitted and scored before submission
11 of post-2028 non-benchmark bids.⁹ Had the Company submitted two separate RFPs, the
12 Company’s proposed schedule would be undoubtedly rule-compliant. Denying the waiver
13 therefore does not produce a substantively different outcome, it simply requires a second
14 RFP filing and loss of the efficiencies gained by the Company’s approach in this case.
15 Good cause therefore exists to grant the waiver to enable an efficient administration of
16 two RFPs in this single filing.

17 **G. RFP Condition 2: Idaho Power to reflect in LTSA costs of utility-owned bids**
18 **either augmentation costs associated with maintaining the system**
19 **performance at its original state throughout the project duration, or costs**
20 **associated with maintaining a specified battery degradation curve.**

21 Idaho Power agrees to this condition. The Company will include an ongoing
22 augmentation cost to sustain nameplate capacity throughout the life of the project for
23 utility-owned bids.

⁸ OAR 860-089-0010(1).

⁹ OAR 860-089-0010(2).

1 **H. RFP Condition 3: Idaho Power will allow for bids from existing resources**
2 **with expiring contracts to offer incremental capacity to the system, including**
3 **those that would repower.**

4 Idaho Power agrees to this condition. The Company will revise and clarify the RFP,
5 specifically Table 3-1, to reflect the eligibility of these resources that provide incremental
6 capacity and align existing facilities with the general intent of the three bid groups clarified
7 in section 7.2 of the RFP.

8 **I. RFP Condition 4: Idaho Power to change the form contracts to include yearly**
9 **output guarantees instead of monthly guarantees.**

10 Idaho Power believes these types of terms and conditions should be subject to
11 negotiation between the parties. In Idaho Power's experience, each individual developer
12 will have its own preferences and priorities as each term is negotiated, including terms
13 specifically addressing output guarantees. Idaho Power has executed Public Utility
14 Regulatory Policies Act ("PURPA") and non-PURPA power purchase agreements
15 ("PPAs") that have monthly output guarantees, so the concept has been used in the
16 industry and is acceptable to some developers. Idaho Power is not necessarily opposed
17 to annual output guarantees but believes the specific details of the output guarantee
18 provisions must be subject to negotiation of the parties. Idaho Power's preference is to
19 leave the form PPA as-is and allow developers to provide alternate proposals for
20 consideration. A developer's comments or proposals will not negatively impact the non-
21 price scoring.

III. RESPONSE TO LEI

The following section addresses each of LEI's recommendations and provides Idaho Power's response.

A. Sensitivity on 2028 needs: Add a sensitivity analysis around 2028 needs.

Idaho Power agrees to this recommendation. Idaho Power's response to this recommendation is provided above in section B.

B. Existing facilities' participation: Allow existing resources to participate in the RFP so long as they provide incremental capacity, and only bid such incremental capacity.

Idaho Power agrees to this recommendation. Idaho Power's response to this recommendation is provided above in section H.

C. Utilities' ownership risk: Request that benchmark bids and third-party bidders include O&M agreements supporting projects over their respective lives.

Idaho Power agrees and believes the Bid Entry Form addresses this recommendation. The Bid Entry Form requires numerous operations and maintenance ("O&M") inputs to effectively evaluate the proposed O&M costs associated with asset purchase proposals including fixed, variable, and augmentation costs and assumptions. Bidders can provide details of O&M agreements if they exist. As described in section G and in response to Staff RFP Condition 2, Idaho Power will include O&M costs for all asset purchases and will coordinate the O&M cost assumptions with the IE.

D. Draft contract forms: While LEI believes that the negotiation stage is an appropriate forum to address all draft form-related comments, LEI recommends that PPAs be revised to provide an annual output guarantee.

Idaho Power's response to this recommendation is provided above in section I.

1 **IV. CONCLUSION**

2 Idaho Power appreciates Staff's and LEI's review of the 2028 AS RFP and their
3 recommended conditions. The Company has largely accepted the recommendations.
4 Therefore, the Company requests that the Commission approve the 2028 AS RFP, as
5 modified above, so that the Company can expeditiously move forward with the
6 procurement.

7 Respectfully submitted this 9th day of August 2024.

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