

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

In the Matter of	)	UM 2317
	)	
IDAHO POWER COMPANY	)	NORTHWEST & INTERMOUNTAIN
	)	POWER PRODUCERS COALITION'S
Application for Approval of 2028 All-Source	)	COMMENTS ON STAFF REPORT
Request for Proposals to Meet 2028 Capacity	)	
Resource Need.	)	
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## I. INTRODUCTION AND SUMMARY

The Northwest & Intermountain Power Producers Coalition (“NIPPC”) respectfully submits its comments to the Oregon Public Utility Commission (the “Commission”) on Idaho Power Company’s (“Idaho Power”) Draft 2028 Request for Proposals (“Draft RFP”). NIPPC appreciates the consideration of its recommended revisions to the Draft RFP by Idaho Power, Staff, and the Independent Evaluator (“IE”). NIPPC largely supports the recommendations in Staff’s Report to the extent those recommendations are consistent with NIPPC’s prior comments. However, while important revisions have been made to the Draft RFP by Idaho Power or recommended by Staff’s Report, NIPPC maintains that additional revisions are warranted. These comments on the Staff Report will reiterate and clarify NIPPC’s proposal on the key recommendations made by NIPPC’s comments but not agreed to by Idaho Power or recommended for adoption in Staff’s Report.

As discussed further below, NIPPC responds as follows to Staff’s Report:

- Scoring Utility-Owned Resources: Although Staff’s Report does not adopt NIPPC’s recommendations in their entirety, NIPPC supports Staff’s recommendations to improve the scoring of benchmark and other utility ownership bids in this RFP and does not recommend further changes beyond those in Staff’s Report.
- Interconnection and COD Limitations: NIPPC supports Idaho Power’s Exhibit R and Staff’s recommendations that relax the Draft RFP’s interconnection and commercial operation dates (“COD”) requirements. NIPPC does not recommend any further changes beyond those adopted by Idaho Power and included in Staff’s Report.
- ERIS Interconnection: NIPPC supports Staff’s proposed Scoring and Modeling Method (“SMM”) Condition No. 5 that would require that the IE assess the reasonableness of any costs allocated to bids supported by Energy Resource Interconnection Service (“ERIS”). However, NIPPC continues to recommend that the Commission require Idaho Power to take additional steps not included in the Staff Report to accommodate ERIS bids.
- Existing Facilities: Staff’s proposed RFP Condition No. 3 would only allow for bids from existing resources with expiring contracts that “offer incremental capacity to the system,” but this subject still requires further clarity. NIPPC continues to recommend that the

Commission require Idaho Power to allow bidders with existing facilities selling to Idaho Power to bid a replacement power sale term which would terminate, or alter the terms of, the remaining term of its existing power purchase agreement (“PPA”), which could include bidding a repowering, reconstruction, or other upgrade to the facility for the remainder of the term in the existing PPA, or merely a new power sale term thereafter from the existing facility. If an existing facility bids into the RFP that Idaho Power assumed would renew in its Integrated Resource Plan, then Idaho Power could simply increase its targeted acquisition and still allow that existing facility to bid.

- Uncertain Solar and Storage Tariffs: NIPPC continues to recommend that the Commission require Idaho Power to provide further clarity regarding how it will address significant changes in tariffs after bids are submitted. Staff’s Report does not include this recommendation.
- Tax Benefits Modeling: NIPPC supports Staff’s recommendations and the IE’s continued oversight of assumptions used for discount rates used for utility-owned bids’ investment tax credits (“ITC”) and production tax credits (“PTC”). NIPPC makes no further recommendations at this time on this subject.
- Local Permitting: NIPPC does not oppose use of local permitting opposition as a non-price scoring factor, but NIPPC opposes Idaho Power’s apparent proposal to use this metric as a minimum bid criteria given its inherent subjectivity. The Commission should remove lack of local permitting opposition as a minimum bid criteria.
- Form Contracts: Staff and the IE recommend adoption of NIPPC’s proposal for use of an annual (as opposed to monthly) output guarantee in the form power purchase agreement, but have recommended against adoption of NIPPC’s remaining contract revisions. NIPPC stands by its recommendations in its opening comments, but does not restate those proposals in these comments.
- Staff Report’s Remaining Recommendations: NIPPC supports all other Staff recommendations and conditions not specifically addressed in these comments.

## II. COMMENTS

### A. Scoring Utility-Owned Resources: NIPPC Supports Staff’s Recommendations Regarding Scoring of Utility-Owned Resources.

NIPPC’s opening comments expressed concern with the way the utility ownership bids’ operation and maintenance (“O&M”) costs and risks were modeled in the immediate past Idaho

Power RFP and made recommendations to improve the scoring in this RFP.<sup>1</sup> Although Staff's Report does not adopt NIPPC's recommendations in their entirety, Staff's Report does include the following important recommendations: (1) that the Commission direct the IE to address the reasonableness of benchmark cost assumptions in its initial shortlist report, and (2) with respect to utility-owned BESS bids, that RFP Condition No. 2 direct further detail be provided on methods and costs to maintain battery capacity performance throughout the bid's life used in the RFP.<sup>2</sup> NIPPC agrees that the Commission's adoption of Staff's recommendations would adequately resolve NIPPC's concerns on this subject for purposes of this RFP.

**B. Interconnection and COD Limitations: NIPPC Supports Idaho Power's Exhibit R and Staff's Recommendations on Interconnection and COD Requirements.**

NIPPC's opening comments expressed concern with the limited bid pool that could result in this RFP given Idaho Power's initial proposals to exclude bids without an active interconnection position or with a post-April 2028 COD.<sup>3</sup> NIPPC agrees that Idaho Power's revisions to Draft RFP, through Exhibit R, and Staff's proposed RFP Condition No. 1, and SMM Condition Nos. 1, 2, & 3 adequately address NIPPC's concerns by allowing participation of bids with post-April 2028 CODs, including projects entering Idaho Power's 2025 interconnection cluster.<sup>4</sup> Staff's revisions further allow for overlap between the staged bidding phases, as well as an update to Idaho Power's April 2028 resource need, to ensure that post-April 2028 COD bids are not unreasonably disadvantaged in the RFP. NIPPC has no further recommendations on this subject.

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<sup>1</sup> NIPPC's Opening Comments at 3-6 (June 3, 2024).

<sup>2</sup> Staff's Report at 15-17 (July 29, 2024).

<sup>3</sup> NIPPC's Opening Comments at 6-15.

<sup>4</sup> Staff's Report at 8-11, 14-15 & Attachment B.

**C. ERIS Interconnection: NIPPC Recommends that the Commission Require Idaho Power Take Additional Steps to Facilitate Use of ERIS Interconnection.**

NIPPC's opening comments expressed that the Draft RFP requires further clarity on the treatment of bids utilizing ERIS, which can enable the utility to avoid costly network upgrade expense.<sup>5</sup> Idaho Power declined to adopt NIPPC's recommendations on this subject. While Staff adopted one of NIPPC's recommendations, there are still important additional improvements to the Draft RFP that should be made.

Specifically, Staff's proposed SMM Condition No. 5 would require that the IE assess the reasonableness of any costs allocated to bids supported by ERIS. This is an important requirement that NIPPC fully supports to ensure transparency and careful review of the justifications for any increased costs allocated to ERIS bids during the process. However, NIPPC continues to recommend that the Commission require Idaho Power to take additional steps not included in Staff's Report to accommodate ERIS bids.

First, NIPPC continues to recommend that the Commission's order approving the RFP direct Idaho Power to consider the likelihood of being able to reduce any new costs for an ERIS bid by dispatching existing resources to accept the power from the ERIS bid. This could be accomplished with a modest amendment to Staff's proposed SMM Condition No. 5, to include a requirement to consider potential redispatch of existing resources to lower ERIS costs.

Second, the Commission should require Idaho Power provide nonbinding, preliminary guidance as to locations on its system where Idaho Power does not expect significant additional costs to be allocated to ERIS bids as Idaho Power did in its last RFP. The Draft RFP continues to state that Idaho Power may allocate additional costs to ERIS bids based on their interconnection

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<sup>5</sup> NIPPC's Opening Comments at 15-16.

location.<sup>6</sup> If Idaho Power does not know which locations are likely to result in higher costs for ERIS bids, there appears to be no basis to allocate any additional costs to such bids. If Idaho Power does know which locations are likely to result in higher costs for ERIS bids (which appears to be the case), then Idaho Power should share this information with the bidders in the RFP document—just as Idaho Power did in its last RFP.<sup>7</sup>

NIPPC reiterates that ERIS may ultimately be a cheaper means by which to serve load that avoids costly network upgrades. The Commission should encourage Idaho Power to enable renewable resources by more effectively utilizing transmission across its portfolio instead of scoring bids in a way that may negatively penalize ERIS resources.

**D. Existing Facilities: The RFP Should Provide More Clarity and Opportunity for Existing Resources to Bid.**

NIPPC’s opening comments expressed concern that Idaho Power’s initially proposed Draft RFP would unnecessarily exclude existing facilities from participation in the RFP.<sup>8</sup> Specifically, NIPPC recommended the RFP should state that bidders with existing facilities selling to Idaho Power may bid a replacement power sale term which would terminate, or alter the terms of, the remaining term of its existing PPA, which could include bidding a repowering, reconstruction, or

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<sup>6</sup> See Idaho Power’s Draft 2028 RFP at 15 (July 16, 2024) (“Projects that are seeking to interconnect to [Idaho Power’s] system and have not requested Network Resource Interconnection Service (NRIS) may need additional costs added to account for additional upgrades needed to ensure delivery to load.”).

<sup>7</sup> See Idaho Power’s 2026 Request for Proposals at 14-15 (June 8, 2023), [https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/2026\\_IPC\\_AllSource\\_RFP.pdf](https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/2026_IPC_AllSource_RFP.pdf) (“For purposes of aiding Bidders in determining points of interconnection and delivery on the IPC transmission system, IPC has identified areas on the IPC system that are currently expected to have relatively high injection capability and relatively low cost and time to construct if studied by the IPC Transmission Provider. These areas are identified in EXHIBIT F – Information on Preferred Locations for Resource Based Bids of this RFP.”).

<sup>8</sup> NIPPC’s Opening Comments at 16-19.

other upgrade to the facility for the remainder of the term in the existing PPA as well as a new power sale term thereafter.<sup>9</sup> Idaho Power’s Reply Comments proposed that existing facilities could bid only for power sales that will commence after their existing PPA term ends, but it declined to modify the RFP to allow for an existing facility to bid any period of time that would replace any remaining term on its existing PPA, even in the case of a facility repowering or addition of storage.<sup>10</sup> Staff appears to agree that repowering should be enabled, but Staff’s proposed RFP Condition No. 3 would only allow for bids from existing resources with expiring contracts to “offer incremental capacity to the system,” which Staff does not further explain.<sup>11</sup> Thus, all parties appear to agree that some accommodation for existing facilities should be made, but Idaho Power and Staff’s recommendations are somewhat unclear.

NIPPC continues to recommend that the Commission require Idaho Power to allow bidders with existing facilities selling to Idaho Power to bid a replacement power sale term which would terminate, or alter the terms of, the remaining term of its existing PPA, which could include bidding a repowering, reconstruction, or other upgrade to the facility for the remainder of the term in the existing PPA, or merely a new power sale term thereafter from the existing facility. The critical distinction between NIPPC’s proposal and Idaho Power and Staff’s proposals appears to be that under NIPPC’s proposal an existing facility can bid a power sale term from an existing facility that commences before expiration of its existing PPA term. Further, NIPPC submits that this should be allowed even without a repowering or creation of addition of incremental capacity prior to expiration of the existing PPA term because the follow-on period after the existing PPA term

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<sup>9</sup> *Id.* at 19.

<sup>10</sup> Idaho Power’s Reply Comments at 9-10 (June 10, 2024).

<sup>11</sup> Staff’s Report at 19.



would still provide incremental capacity to the utility. If an existing facility bids into the RFP that Idaho Power assumed would renew in its Integrated Resource Plan (“IRP”), then Idaho Power could simply increase its targeted acquisition to address its concern about incremental capacity but still allow the existing facility to bid into the RFP. However, the fact that Idaho Power may be assuming the facility would renew its existing contract in its IRP should not be a bar to bidding into an RFP because the RFP may be the most economic option available to many existing facilities to renew their existing contracts at this time. As NIPPC explained in its opening comments, the lack of other market opportunities for existing facilities in Idaho Power’s service territory—particularly existing wind and solar qualifying facilities—could result in existing facilities being unable to successfully time their need for contract renewal with Idaho Power’s RFPs.<sup>12</sup> NIPPC’s proposal is reasonable, and the Commission should require its inclusion in the RFP.

**E. Uncertain Solar and Storage Tariffs: Idaho Power Should Provide Further Clarity Regarding How It Will Address Significant Changes in Tariffs After Bids Are Submitted.**

As all parties appear to agree, there are multiple potential cost increases in the supply chains for solar and battery energy storage system bids resulting from new tariffs that might occur during pendency of the RFP.<sup>13</sup> However, Idaho Power has provided, and Staff recommends, no further clarity as to how this significant unknown cost element should be addressed by bidders.<sup>14</sup> NIPPC recommends that Idaho Power provide further clarity regarding how it proposes to address a

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<sup>12</sup> NIPPC’s Opening Comments at 17-18.

<sup>13</sup> See Idaho Power’s Reply Comments at 10 (“The Company agrees that the tariff issue is significant and is tracking its progress”); see also NIPPC’s Opening Comments at 19-20; Staff’s Report at 17.

<sup>14</sup> See Idaho Power’s Reply Comments at 10 (“Should any changes be made to solar and storage tariffs, the Company will do its best within the timeline contemplated by the RFP to incorporate any necessary changes.”).

sudden change in relevant tariffs after bids are submitted.

Staff's Report references communications it has had with Idaho Power in support of its position,<sup>15</sup> but Staff's Report does not contain any objective criteria that will trigger an opportunity for bidders to reprice their bids. The information communicated between Idaho Power and Staff is insufficient because that information is not available to bidders or even to NIPPC. NIPPC recommends that Idaho Power should provide objective criteria that will trigger a pricing update opportunity. Otherwise, bidders will not know what to expect when submitting their initial bids, and the utility may ultimately have unreasonable discretion to make last-minute changes during the RFP (or not) that could benefit its preferred outcome.

**F. Tax Benefits Modeling: NIPPC Supports Staff's Recommendations on ITC and PTC Modeling.**

NIPPC's opening comments expressed concern with the lack of transparency regarding the valuation of utility-owned bids' ITCs and PTCs, which would likely be resold at significantly discounted and potentially unpredictable value.<sup>16</sup> Idaho Power's Reply Comments provided preliminary discount values,<sup>17</sup> and Staff's proposed SMM Condition No. 4 would require Idaho Power to work with the IE to develop a sensitivity analysis that evaluates the impact of a range of ITC and PTC discount rates for utility-owned bids.<sup>18</sup> NIPPC supports Staff's recommendation as well as continued oversight by the IE and Staff of the final tax credit discount rates used for scoring in the RFP. NIPPC makes no further specific recommendations at this time.

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<sup>15</sup> See Staff's Report at 17 ("Based on its Reply Comments and conversations with Staff, Staff believes the Company is committed to accommodating bid pricing changes that may result from changes to solar tariffs and is confident the existing schedule provides adequate opportunities for bid repricing and negotiation.").

<sup>16</sup> NIPPC's Opening Comments at 20-21.

<sup>17</sup> Idaho Power's Reply Comments at 10-11.

<sup>18</sup> Staff's Report at 11-12.

**G. Local Permitting: The Draft RFP Should Not Include Lack of Local Permitting Opposition as a Minimum Bidding Criteria.**

Staff, the IE, and Idaho Power have introduced a new issue regarding local permitting into the Draft RFP in the time since NIPPC filed its opening comments, and NIPPC is concerned with Idaho Power’s proposal in its reply comments.

Specifically, Staff’s opening comments and the IE’s initial report both expressed concern with the impediment that could exist to project development due to local permitting opposition, and both Staff and the IE recommended that bidders be required to supply additional information to evaluate this potential permitting risk.<sup>19</sup> Staff recommended that bidders be required to answer a question regarding the extent to which they had engaged local communities in the permitting process and that such information could be used as part of a non-price scoring metric.<sup>20</sup> Staff explained: “Staff does not believe a question like this would warrant significant weighting, but in the case of two projects on otherwise equal footing, a bid that has conducted community outreach to proactively address permitting concerns could be considered more competitive.”<sup>21</sup> However, Idaho Power’s reply comments appear to propose to use risk of local community opposition—as judged in Idaho Power’s discretion—as a basis to completely exclude bids from consideration under the Draft RFP’s minimum bid criteria. Idaho Power states: “Idaho Power has revised Bid Eligibility factor No. 8 to address public and community outreach and clarify that *Idaho Power may utilize its discretion and local knowledge* to assess the risk associated with local outreach and

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<sup>19</sup> Staff’s Opening Comments at 7-8 (June 3, 2024); London Economics’ Independent Evaluator Assessment Report at 10 (May 28, 2024).

<sup>20</sup> See Staff’s Opening Comments at 8 (“Staff encourages the Company to pursue strategies for identifying projects that have conducted this type of input and to consider a way to reflect this type of outreach in its non-price scoring.”).

<sup>21</sup> *Id.*

the likelihood of a projects' feasibility."<sup>22</sup> Staff's Report does not revisit the issue, and thus would appear to recommend adoption of Idaho Power's proposal in its reply comments.<sup>23</sup>

NIPPC does not oppose use of permitting opposition as a non-price scoring factor, provided that the project proponent has not met the requisite level of community engagement or evidence of demonstrable and significant local opposition exists and is verified by the IE. However, NIPPC opposes using this metric as a minimum bid criteria given its inherent subjectivity and reliance on Idaho Power's "discretion."<sup>24</sup> Any minimum bid criteria would require far more objective criteria to justify complete exclusion of a bid from the RFP. NIPPC recommends that the Commission should eliminate lack of local permitting opposition as a minimum bid criteria and instead allow Idaho Power to take this factor into account as a non-price scoring factor, as Staff recommended in its comments.

**H. Form Contracts: NIPPC Supports Staff's Recommendation to Modify the Output Guarantee and Stands By Its Recommendations on Other Revisions to the Draft RFP's Form Contracts.**

NIPPC's opening comments recommended a limited set of revisions to the Draft RFP's form contracts, including revisions to COD flexibility, pre-COD damages, the PPA's monthly output guarantee, the PPA's Deficit Damages, and allocation of costs of future environmental attributes to the PPA bidders.<sup>25</sup> NIPPC limited its comments on this subject because the Draft RFP does not include a scoring penalty against bidders who modify the form contracts, but ensuring that the form contracts are a reasonable starting point for shortlisted bidders remains important.

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<sup>22</sup> Idaho Power's Reply Comments at 3 (emphasis added); *see also* Draft RFP at Ex. C, Bid Eligibility Screening No. 8.

<sup>23</sup> Staff Report at 25.

<sup>24</sup> Idaho Power's Reply Comments at 3.

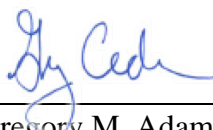
<sup>25</sup> NIPPC's Opening Comments at 22-24.

Staff and the IE recommend adoption of NIPPC’s proposal for use of annual (as opposed to monthly) output guarantee in the form PPA, but have recommended against adoption of NIPPC’s remaining contract revisions—despite appearing to agree that NIPPC’s proposals on certain other provisions are reasonable.<sup>26</sup> NIPPC stands by its recommendations in its opening comments for the reasons stated in its opening comments, but does not restate those proposals in these comments.

### III. CONCLUSION


For the reasons set forth above, NIPPC recommends that the Commission condition approval of Idaho Power’s RFP on the requirement that Idaho Power incorporate NIPPC’s recommended revisions set forth in these comments.

Dated: August 9, 2024



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<sup>26</sup> See London Economics’ Second Independent Evaluator Assessment Report at 11-12 (Aug. 2, 2024) (agreeing that NIPPC’s proposed revisions were reasonable with respect to the issues of pre-COD damages payment, performance guarantee, and future environmental attributes).