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 to Meet 2028 Capacity Resource Need.	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALTION'S COMMENTS ON IE CLOSING REPORT

I. INTRODUCTION

The Northwest & Intermountain Power Producers Coalition ("NIPPC") respectfully submits its comments to the Oregon Public Utility Commission (the "Commission") on the Independent Evaluator's ("IE") Closing Report on Idaho Power Company's ("Idaho Power") Request for Acknowledgment of the Final Shortlist on the 2028 Request for Proposals ("RFP"). NIPPC is not opining on Idaho Power's Request for Acknowledgment of the Final Shortlist and only commenting on the IE's Closing Report. While NIPPC appreciates that the IE's analysis was thorough in many respects, NIPPC finds the IE's analysis of the utility-owned bids' cost and contract risks once again deficient because it does not fully analyze the costs and risks, recommend any changes to address those costs and risk, and does not analyze all utility-owned bids. This was a concern NIPPC had from Idaho Power's last RFP in Docket No. UM 2255, and the Commission directed the IE to fully analyze this issue as a condition approving the IE and RFP in this docket. NIPPC rarely comments on IE Closing Reports or other aspects of the RFP after the Commission approves the RFP and bids are received. However, NIPPC is submitting comments because of the importance of this issue, and it is the second RFP in which this analysis has been lacking. Thus, the Commission should direct the IE to complete this analysis in this

RFP and ensure any IE for future RFPs also completes this analysis.

II. COMMENTS

In Idaho Power's last RFP, NIPPC raised concerns related to the unique costs and risks associated with utility-owned bids in comparison to third-party bids.[1] When Idaho Power filed a waiver request to retain the same IE for this RFP as the last RFP, NIPPC raised concerns regarding the IE's analysis of risks and costs for utility-owned bids.[2] Specifically, Staff noted:

> NIPPC highlighted one area where it believed LEI could improve as the IE. NIPPC would like to see the IE consider the risks associated with utility-owned resources relative to Independent Power Producers earlier in the process. NIPPC noted that while LEI acknowledged these risks in its closing report, this is too late to impact bid selection. Including them prior to the acknowledgement of the Final Shortlist (FSL) would better reflect these risks in IPC's selection process.[3]

Given NIPPC's concerns, Staff recommended, and the Commission adopted, the requirement for the IE to include in its initial report "an analysis of lessons learned and opportunities for improvement from the previous RFP."[4] Further, as a condition of approval of the RFP, the Commission directed the IE to review the reasonableness of cost assumptions for benchmark bids and provide this analysis in the Initial Shortlist Report, and directed the inclusion of long-term service agreement costs in utility-owned bids.[5]

The IE analyzed the unique risks associated with the benchmark bids in this RFP, but the

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1 *See In re Idaho Power Application for Approval of 2026 All-Source Request for Proposals to Meet 2026 Capacity Resource Need*, Docket No. UM 2255, NIPPC's Reply Comments on the Staff Report at 6-7 (May 9, 2023); Docket No. UM 2255, NIPPC's Comments on Draft RFP at 11-13, 35 (Mar. 17, 2023).

2 *See* Order No. 24-120, Appendix A at 6 (Mar. 2, 2024).

3 Order No. 24-120, Appendix A at 6.

4 Order No. 24-120, Appendix A at 8.

5 Order No. 24-272, Appendix A at 16-17 (Aug. 16, 2024).

analysis is very similar to the analysis in the last RFP.[6] The IE Closing Report discusses the lack of contractual guarantees and risk of cost overruns for the various benchmark bids without any discussion of making adjustments to the bid price for these risks.[7]

One example of a concern for NIPPC that is that the IE Closing Report discussed how some benchmark bids have "a lower [forced outage rate ("FOR")] compared to what [London Economics, Inc.] found in its research, which is advantageous to ratepayers."[8] A lower FOR will *not* be advantageous to ratepayers if it does not manifest and ratepayers are stuck with any increased costs. If a utility owned option shows a lower cost than the IE's research and other bids, then this should be a "red flag" concern that the utility cost estimate in unreasonably low and can bias the ultimate resource selection. Any utility-owned bid that has unreasonable assumptions is not actually advantageous to ratepayers if there are no provisions in place to protect customers from cost overruns or hold the utility-owned bids to specific performance metrics.

The purpose of the Commission's directives in the approval of the IE for this RFP and approval of the RFP was for the IE to expand on its past analysis and make any necessary recommendations to account for the unique risks and costs associated with utility-owned bids. The IE failed to expand that analysis in this RFP. The IE should review all unique risks and costs, identify areas in which those may not be accurate, and which warrant closer scrutiny and potential criticism rather than support.

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6 *Compare* Idaho Power's LEI Closing Report for 2028 AS-RFP at 16-18 (Jan. 15, 2025) *to* Docket No. UM 2255, Idaho Power Company's Request for Acknowledgement of Final Shortlist, Attachment 1 (IE Closing Report) at 12-14 (Dec. 4, 2023).

7 Idaho Power's LEI Closing Report for 2028 AS-RFP at 17-18.

8 Idaho Power's LEI Closing Report for 2028 AS-RFP at 17.

Additionally, the rules require and, from NIPPC's understanding, the Commission directed the IE to complete this analysis for all utility-owned bids, not just benchmark bids as it did in the last RFP. However, the IE continued to only analyze these risks and costs for benchmark bids.[9] The competitive bidding rules require the IE to "evaluate the unique risks and advantages associated with any company-owned resources (*including but not limited to the electric company's benchmark*)[.]"[10] The IE did not complete this analysis for all utility-owned bids and it should be required to correct its analysis. The Commission should also ensure any future IEs complete this analysis.

It is important to adequately review and analyze the risks and costs of utility-owned bids. A third-party bid such as a power purchase agreement must bid a price that addresses all the risks associated with development and operation of the project, whereas a utility-owned bid can recover any cost overruns or risks associated with underperformance later in rate recovery. These unique risks and costs of utility-owned bids needs to be properly evaluated, and the IE's analysis in this RFP was insufficient.

III. CONCLUSION

For the reasons set forth above, NIPPC recommends that the Commission direct the IE to fully complete the analysis it was previously directed to related to the unique costs and risks associated with all utility-owned bids.

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[9] See Idaho Power's LEI Closing Report for 2028 AS-RFP at 16-18.

[10] OAR 860-089-0450(6) (emphasis added).

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