ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 17, 2026

REGULAR ____ **CONSENT** X **EFFECTIVE DATE** March 17, 2026

DATE: March 5, 2026

TO: Public Utility Commission

FROM: Ryan Bain

THROUGH: Scott Gibbens and Curtis Dlouhy **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. UM 1730(14))
Post 2025 Integrated Resource Plan Acknowledgement
Update to Standard Avoided Cost Schedule for Qualifying Facilities.

STAFF RECOMMENDATION:

Approve Idaho Power Company's (Idaho Power or Company) post 2025 IRP acknowledgment update to its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's post 2025 IRP acknowledgment update of its Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

Applicable Orders and Rules

ORS 758.525(1) provides that "at least once every two years each electric utility shall prepare, publish and file with the Public Utility Commission a schedule of avoided costs equaling the utility's forecasted incremental cost of electric resources over at least the next 20 years. Prices contained in the schedules filed by public utilities shall be reviewed and approved by the commission."

OAR 860-029-0085(1) specifies that each public utility must file with the Commission standard avoided cost rates within 30 days of a Commission decision regarding acknowledgement of the public utility's IRP to be effective 30 days after filing unless otherwise determined by the Commission.

OAR 860-029-0085(3) provides the standard avoided cost rates filed by a public utility under sections (1) of this rule are subject to review and approval as well as modification by the Commission. The Commission may suspend the standard avoided cost rates during review. In any such review, the public utility has the burden of supporting and justifying its standard avoided cost rates. The standard avoided cost rates will be effective 30 days after filing unless otherwise determined by the Commission.

OAR 860-029-0005(4) provides that the Commission may waive any of the Division 29 rules for good cause shown upon request or its own motion.

Analysis

Background
On December 9, 2025, the Oregon Public Utility Commission (OPUC or Commission) acknowledged Idaho Power Company's 2025 IRP in Order No. 25-503 (IRP Order) at its regular public meeting.[1]

On January 8, 2026, in compliance with the above stated order, rules, and statutes, Idaho Power filed its revised Schedule 85, Cogeneration and Small Power Production Standard Contract Rates, Sheet Nos. 85-8 through 85-11. This filing includes updated Natural Gas Prices, Forward On- and Off-Peak Electric Market Prices, an updated Deficiency start date, updated contributions to peak and capacity factors, updated solar and wind integration charges based on the 2025 IRP Variable Energy Resource Integration Study ("2025 VER Study"), and updates to the On- and Off-Peak Hour definitions. There were no changes to the status of the Production Tax Credit, nor changes to Solar plus Storage Premium Peak Hours.

Staff recommended, and the Commission approved, a motion to suspend the Company's filing for further investigation at the February 2, 2026 Public Meeting due to time constraints related to Staff's request for information related to the 2025 VER Study.[2] During the ensuing review period, Staff became aware of concerns related to the Company's updated On- and Off-Peak Hour definitions.

---

1 Docket No. LC 87, Order No. 25-503.
2 Docket No. UM 1730, Order No. 26-033.

The Company's initial filing updated its On- and Off-Peak Hours to align with the Company's 2025 IRP. The prior On-Peak Hour definition specified 16 daily On-Peak Hours across the year, save for Sundays and NERC holidays. The initially filed On-Peak Hour definition represented a significant reduction in On-Peak Hours across the year, with the greatest hours available being 11 hours per day, between November 15 and February 15. Between June 15 and September 15, eight On-Peak hours per day are specified, and no On-Peak Hours were specified between February 16 to June 14, and September 16 to November 14.

On February 13, 2026, the Community Renewable Energy Association, Renewable Energy Coalition, and Oregon Solar + Storage Industries Association (collectively, the "Joint QF Groups") submitted comments recommending that the Commission reject the updated Peak Hour definitions, as the reduced On-Peak hours would have significant adverse impacts on solar and small hydropower QFs, and stating that they consider the update to be "a major policy change worthy of further investigation".[3]

On February 20, 2026, the Company filed replacement sheets reflecting the On- and Off-Peak Hour definitions currently in use, in effect withdrawing the initially filed updated Peak Hour definitions. Further, the Company stated that the initially filed Peak Hour definition update was not included in the development of the initially filed rates, thus no updated workbook was filed as the rates initially filed reflected the On- and Off-Peak Hour definitions currently approved. Staff confirmed that the On- and Off- Peak Hours utilized in the Company's workpapers reflect the peak hour definitions currently in effect.

Filing Overview
Staff has reviewed the Company's application and workpapers and finds that they are in compliance with the Commission approved methodology for Idaho Power's avoided cost rates. Staff finds that overall, the rates are properly calculated and recommends that the rates be allowed to go into effect. Staff's review included issuing a request for the 2025 VER study, verifying the accuracy of updated inputs, and scrutiny of the workpaper calculations for accurate references and output. On January 23, 2026, Order No. 26-021 was issued in Docket No. UM 2000, significantly altering the Commission's longstanding methodology for calculating PURPA avoided cost rates. The revised methodology will likely go into mid-year 2026, and Staff highlights some of the differences from the current methodology in its discussion below.

Deficiency/Sufficiency Period
The Company updated its sufficiency period to include the current year, 2026, based upon their 2025 IRP's first deficiency date of June 2027. The deficiency period therefore begins January 1, 2027, according to the methodology described in

[3] Comments of the Joint QF Groups.

Commission order No. 10-488. Going forward, PURPA rates will no longer exhibit a discrete shift from market-based avoided cost rates to administratively determined avoided cost rates at the deficiency/sufficiency demarcation. Under the new methodology, QFs will be paid an avoided cost rate for energy, plus an avoided capacity rate designed to phase in over a ramp-in period based upon the utility's resource acquisition plans from its acknowledged IRP.[4]

Natural Gas Forward Prices
Idaho Power filed their post-IRP update utilizing the Long-Term Henry Hub and Sumas Basis Annuals Forecast from the independent-third party S&P Global Platt's Long-Term Forecast, dated August 29, 2025, adjusted for transport for Idaho City Gate delivery. This is the same forecast used in the Company's previous update to Schedule 85 in UM 1730(13). With this filing, the Company has also updated its balancing proxy price hub, recognizing Idaho Power's Northwest Pipeline transport capacity, newly online as of November 2025. The prior hub-based adjustment was 100 percent Sumas based, with this update implementing in a 20/80 percent Sumas / Stanfield proxy price hub blend. After review of the updated forward gas inputs, Staff believes that the vintage used is reasonable and commensurate with previous filings and Commission precedent. In the updated forecast, prices have generally risen by an average of 21.8 percent over the 2026 through 2040 period when compared to the same period forecast in the Company's May 1, 2025, avoided cost update.

Forward Electric Prices
Idaho Power filed their post-IRP update utilizing on- and off-peak electric market prices at Mid-Columbia from Inter-Continental Exchange, quoted on December 22, 2025. This is the same forecast used in the Company's previous updates to Schedule 85. Staff believes the vintage used is appropriate and commensurate with previous filings and Commission precedent. Forward Electric Prices will no longer be an input to the UM 2000 compliant avoided cost rates.

Updated On & Off-Peak Hour Definitions
The Company's initial filing revised On- and Off-Peak Hours to align with the Company's 2025 IRP. The prior On-Peak Hour definition specified 16 daily On-Peak Hours across the year, save for Sundays and NERC holidays. The initially filed On-Peak Hour definition represented a significant reduction in On-Peak Hours across the year, with the greatest hours available being 11 hours per day, between November 15 and February 15. Between June 15 and September 15, eight On-Peak hours per day are specified, and no On-Peak Hours are specified between February 16 to June 14, and September 16 to November 14.

---

4 See Docket No. UM 2000, Order No. 26-021 at 17-20.

On February 13, 2026, the Community Renewable Energy Association, Renewable Energy Coalition, and Oregon Solar + Storage Industries Association (collectively, the "Joint QF Groups") submitted comments recommending that the Commission reject the updated Peak Hour definitions, as the reduced On-Peak hours would have significant adverse impacts on solar and small hydropower QFs, and stating that they consider the update to be "a major policy change worthy of further investigation".[5]

On February 20, 2026, the Company filed replacement sheets reflecting the On- and Off-Peak Hour definitions currently in effect, in effect withdrawing the initially filed updated Peak Hour definitions. Further, the Company stated that the initially filed Peak Hour definition update was not included in the development of the initially filed rates, thus no updated workbook was filed as the rates initially filed reflected the On- and Off-Peak Hour definitions currently approved. Staff confirmed that the On- and Off- Peak Hours utilized in the Company's workpapers reflect the peak hour definitions currently in effect.

Updated Solar & Wind Integration Costs
As part of the Company's 2025 IRP, the Company conducted the 2025 Variable Energy Resource ("VER") Integration Study ("2025 VER Study"). The 2025 VER Study evaluated the cost of integrating marginal wind and solar resources onto the Company's system, utilizing updated system conditions, operating requirements, balancing reserve needs, and expected renewable penetration levels over the 2026-2056 timeframe. Staff obtained and reviewed the 2025 VER Study and believes that the results are applied appropriately, according to Commission methodology. The average 2026 dollar per megawatt-hour ($/MWh) cost of integrating wind resources has increased by approximately $1.18/MWh over the 15-year 2026-2040 timeframe. The average 2026 $/MWh cost of integrating solar resources has decreased by approximately $1.31/MWh over the 15-year 2026-2040 timeframe.

Updated Solar & Wind Contributions to Peak and Capacity Factors
Wind resources' contribution to peak (CTP) decreased from 20 percent to 19 percent in the 2025 IRP, with PV Solar's CTP decreasing from 51 percent to 14 percent. The on-peak capacity factor for wind resources decreased from 31 percent to 29 percent, and the on-peak capacity factor for solar resources decreased from 40 percent to 37 percent. Solar + Storage resources showed a roughly 15 percent decrease in CTP, with an approximately unchanged capacity factor of 87 percent.

In the Company's prior post-IRP acknowledgment avoided cost update, UM 1730(12), PV Solar CTP had a change in value of a similar magnitude as the decrease from 51 percent to 14 percent, but in the opposite direction, increasing from 10 percent to

[5] Comments of the Joint QF Groups.

51 percent. The change in values in these two filings reflect differing resource mixes and load profiles between the CTP "snapshot" years of study. The Company's recently acknowledged IRP, LC 87, reflects the Company's growing winter peak demand, significantly impacting Solar resources' CTP. Staff anticipates that the UM 2011 capacity contribution best practices adopted in UM 2000, once implemented, will serve to reduce this 'whipsaw' movement between snapshot year CTP values. The new methodology instead uses a tuned effective load carrying capability (ELCC) value based on four modelled years spread throughout the fifteen-year term, with interpolated values for the years between studied years. This method most accurately measures the capacity contribution of the resource over the course of the contract life.[6]

Price Comparison

The Company's proposed standard fixed levelized avoided costs for a 15-year contract (2026 through 2040), as shown in **Error! Reference source not found.**, show a $2.88 increase for baseload resources, a $1.00 increase for Wind resources, a $4.34 decrease for Solar resources, and a $0.89 increase for Solar + Storage resources.

Table 1: 15-Year Levelized Price Comparison (2026-2040)

Resource Type	Proposed Rates ($/MWh)	Current Rates ($/MWh)	Difference ($/MWh)
Baseload	$52.96	$50.08	$2.88
Wind	$47.12	$46.12	$1.00
Solar	$43.70	$48.04	($4.34)
Solar + Storage	$66.69	$65.80	$0.89

Conclusion

Consistent with ORS 860-029-0005(4), Staff recommends that the Commission approve Idaho Power Company's update of Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's update of Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

CA4 - UM 1730(14)

6 See Docket No. UM 2000, Order No. 26-021, at 9.