

**PUBLIC UTILITY COMMISSION OF OREGON  
REDACTED STAFF REPORT  
PUBLIC MEETING DATE: March 27, 2025**

REGULAR  X  CONSENT       EFFECTIVE DATE  March 27, 2025

DATE: March 7, 2025

TO: Public Utility Commission

FROM: Benedikt Springer

THROUGH: Caroline Moore, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: IDAHO POWER COMPANY:  
(Docket No. UM 2317)  
2028 All Source Request for Proposals.

**STAFF RECOMMENDATION:**

Acknowledge Idaho Power Company's (IPC or Company) 2028 All Source Request for Proposals (RFP) Final Shortlist (FSL) in part, subject to the conditions and changes set forth in the conclusion of this memo.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission (Commission or OPUC) should acknowledge IPC's 2028 All Source RFP FSL.

Applicable Rule or Law

The Commission's competitive bidding requirements in OAR Chapter 860, Division 89 apply when an electric utility may acquire a resource or a contract for more than an aggregate of 80 megawatts and five years in length, as specified in OAR 860-089-0100 (1). Resource acquisitions falling under the competitive bidding requirements mandate the use of a request for proposals (RFP) unless an exception applies, or the rules are waived.<sup>1</sup>

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<sup>1</sup> OAR 860-089-0250; OAR 860-089-0100; OAR 860-089-0010.

In Order No. 24-120, the Commission granted Idaho Power a partial waiver of OAR 860-089-0200(1) and (2) and OAR 860-089-0250(2)(a), approving London Economics International (LEI) as the Independent Evaluator (IE) and allowing the Commission to consider the scoring and modeling methodology (SMM) concurrently with the draft RFP.<sup>2</sup>

OAR 860-089-0500(1) states that, in an RFP process:

"acknowledgment" is a finding by the Commission that an electric company's final shortlist of bid responses appears reasonable at the time of acknowledgment and was determined in a manner consistent with the rules in this division.

OAR 860-089-0500(2) provides that an electric company must request that the Commission acknowledge the electric company's final shortlist of bids before it may begin negotiations. Acknowledgment of a shortlist has the same legal force and effect as a Commission-acknowledged IRP in any future cost recovery proceeding.

Per OAR 860-089-0500(3), requests for acknowledgement must, at minimum, include the independent evaluator's (IE's) closing report, the electric company's final shortlist, all sensitivity analyses performed, and a discussion of the consistency between the final shortlist and the electric company's last-acknowledged IRP Action Plan.

The IE's closing report contains an evaluation of the applicable competitive bidding processes in selecting the least-cost, least-risk acquisition of resources and any additional analyses requested by the Commission, under OAR 860-089-0450(9). The IE participates in the final short list acknowledgment proceeding and may be required by the Commission to have expanded involvement through final resource selection.<sup>3</sup>

## Analysis

### *Summary*

Staff recommends the Commission acknowledge IPC's 2028 All Source RFP Group 1 FSL with four conditions. Staff has concerns about two company-owned projects on the FSL and suggests the Gas/H2 plus BESS project be removed from the FSL and re-evaluated as part of Round 2 of the RFP. Staff continues to see value in retaining the IE to monitor the contract negotiations. Given some challenges about how to consider new

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<sup>2</sup> Docket No. UM 2317, [Order No. 24-120](#), May 2, 2024.

<sup>3</sup> OAR 860-089-0450(10).

bid information, Staff sees an opportunity to refine the modeling for Group 2 of the RFP and has made recommendations to that effect.

### *Background*

On August 16, 2024, the Commission approved the draft of IPC's All-Source RFP together with the Company's Scoring and Modeling Methodology.<sup>4</sup> IPC issued the 2028 RFP that same day, with bids being due on September 17, 2024, for bids that met the Generator Interconnection Agreement (GIA) requirements (Group 1).<sup>5</sup> Bids that did not meet the GIA requirements with a commercial operations date (COD) after April 1, 2028, could be submitted until January 27, 2025. Those later COD bids would be evaluated in a second round of this RFP (Group 2).

Idaho Power Company filed its request for acknowledgment of its FSL, including a confidential IE closing report, on January 10, 2025.<sup>6</sup> The IE filed a redacted version of its closing report on January 15, 2025, and provided a supplement via email to Staff on January 31, 2025.<sup>7</sup> Staff and NIPPC filed respective comments on January 24, 2025.<sup>8</sup> The Company filed reply comments on February 4, 2025.<sup>9</sup>

### *Purpose of the 2028 RFP*

Table 1 shows the Company's evolving resource needs for 2028. This RFP's need initially reflected IPC's 2023 Integrated Resource Plan (IRP.) seeking a minimum of 138 MW of incremental peak capacity and 555 MW of supply-side resource additions.<sup>10</sup> The Company explains that its incremental peak capacity refers to firm capacity needs, while its energy resource additions are reflective of the necessary nameplate capacity required to meet need given the effective load-carrying capability (ELCC) of the proxy resources in the model. IPC states that the RFP is further driven by new large loads that are likely to materialize.<sup>11</sup>

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<sup>4</sup> Docket No. UM 2317, [Order No. 24-272](#), August 16, 2024.

<sup>5</sup> The Generator Interconnection Agreement (GIA) requirements for Group 1 are that projects are part of either the Idaho Power Generator Interconnection Serial Study Process or the Transitional Cluster Study Process, see 7.2 of the RFP.

<sup>6</sup> Docket No. UM 2317, [Idaho Power Company's Request for Acknowledgement](#), January 10, 2025.

<sup>7</sup> Docket No. UM 2317, [LEI Closing Report](#), January 15, 2025. LEI, Supplement to Closing Report, January 31, 2025.

<sup>8</sup> Docket No. UM 2317, [NIPCC's Comments on IE Closing Report](#), January 24, 2025. Docket No. UM 2317, [Staff's Comments](#), January 24, 2025.

<sup>9</sup> Docket No. UM 2317, [Idaho Power Company's Reply Comments](#), February 4, 2025.

<sup>10</sup> Idaho Power Company, [Integrated Resource Plan](#), p. 174, p.146, September 2023.

<sup>11</sup> Docket No. UM 2317, [Idaho Power Company's Request for Acknowledgement](#), p. 3, January 10, 2025.

In its initial Comments, Staff asked for “a clearer description of the number of resources the Company is planning to acquire and under which conditions.”<sup>12</sup> Of specific interest to Staff was the fact that selected resource additions in 2026 and 2027 seemed to mostly offset the stated 2028 capacity needs. In Reply Comments, the Company states that the desired procurement in 2028 is unaffected by 2026 and 2027 resource additions because those additions were already assumed when calculating the 2028 need.<sup>13</sup>

On February 19, 2025, the Company provided further insight into the drivers of resource needs via email, which Staff finds sufficiently detailed. Due to updates to load forecasts, removal of 200 MW of capacity-benefit margins, and 600 MW of non-recognized solar, IPC’s capacity shortfall in 2028 rises to 750 MW. Planned resource additions in 2026 and 2027 reduce this number to 216 MW. In an email, the Company stated this would translate into between 549 MW to 1,322 MW of nameplate capacity using projects from this FSL.<sup>14</sup> Staff is now satisfied that IPC has demonstrated resource needs sufficiently. Staff appreciates the ultimate level of detail the Company provided to articulate its resource need and see it as a valuable starting place for articulating future procurement needs.

Table 1: Evolution of Resource Needs

Scenario	Date	2028 Capacity Shortfall	Notes
2023 IRP	Fall 2023	182 MW	138 MW with previous-year proxy additions
2023 IRP Updated	Summer 2024	368 MW	Removed 200 MW of capacity-benefits margins and 600 MW of non-recognized solar
2028 RFP Initial Model	Fall 2024	455 MW	New Load Forecast
2028 RFP Updated	February 2025	750 MW	New Load Forecast
Final RFP Model	February 2025	216 MW	Planned 1556 MW of resource additions in 2026 and 2027

In its initial comments, Staff also asked the Company to elaborate how final procurement level decisions will be made. IPC explains, they desire “to contract with the

<sup>12</sup> Docket No. UM 2317, [Staff’s Comments](#), p.3 January 24, 2025.

<sup>13</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 2, February 4, 2025.

<sup>14</sup> Idaho Power Company, Email to Staff, March 3, 2025.

highest-ranking projects that satisfy the resource deficit in 2028,” and do “not anticipate procuring more resources than is required to prudently meet the forecasted deficits.”<sup>15</sup> The Company indicates that more than one, but not all FSL projects will be pursued.

Staff understands the directionality and magnitude of forecasted growth in IPC's territory and the Company must use its best judgement when selecting a final procurement volume from this RFP. If the Company decides to pursue more than 216 MW of peak capacity, any such procurement must be informed by a report detailing the rationale. As an additional safeguard, and consistent with Order No. 24-120, Staff expects that the Company will retain the IE to monitor and report on all contract negotiations.<sup>16</sup> Retaining the IE increases transparency of the decisions made during contract negotiations and helps mitigate concerns about impropriety or ownership-bias. The Company has indicated they arrangement to do so have already been made.

*Condition 1: Acknowledge FSL volume up to 216 MW of peak capacity to meet the 2028 capacity needs demonstrated by the Company. The Company shall file a report with an explanation and justification for any procurement volume in excess of the above-identified number.*

*Condition 2: IPC shall retain the IE to monitor and report on all contract negotiations. The IE will file a final report in UM 2317 that addresses: (1) Long-term service agreement (LTSA), O&M costs, and any other areas of risk for cost over-runs by projects involving utility ownership. (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. (3) A full analysis of how the specific commercial terms shaped the FSL and any impact to bid prices, including but not limited to analysis of negotiations on the following contract terms: Guaranteed COD, Transmission Upgrade Cost, Transmission Scheduling of Energy Effective Date, Curtailment, and Output guarantees. (4) Any lessons learned, including the drivers of unexecuted contracts.*

#### *Overview of IPC's Final Shortlist*

The Company developed its FSL in accordance with the Commission-approved Scoring and Modeling Methodology, using six steps:

- (1) Bids were screened for eligibility based on minimum requirements.

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<sup>15</sup> Docket No. UM 2317, [Idaho Power Company's Reply Comments](#), p.13, February 4, 2025.

<sup>16</sup> Docket No. UM 2317, [Order No. 24-120](#), Appendix A, p. 16, May 2, 2024.

- (2) An initial ranked shortlist (ISL) was created based on price and non-price score. Only eligible bids above a certain price score were included on the initial shortlist, with at least three projects for each technology if available.
- (3) After updates to bids including third-party review of wind and solar performance factors, the initial shortlist was made available for selection by the Long-Term Capacity Expansion (LTCE) model implemented in AURORA. Eight scenarios, derived from 2023 IRP scenarios, were run in AURORA.

(4) A preliminary shortlist was created including any project picked in any of the eight scenarios.

(5) IPC created eight unique portfolios that each included only existing resources plus one of the resources picked in the previous step. The net-present value (NPV) of each portfolio was calculated under 60 stochastic conditions, varying hydro generation, load, natural gas price, and carbon price (sensitivity analysis).

(6) The eight resources included in the preliminary shortlist were ranked for the final shortlist according to the lowest mean net-present value from the previous step.

In the end, eight projects were selected, including 959 MW of solar, 178.6 MW of wind, 350 MW of battery energy storage systems (BESS), and 110 MW of Gas/H2 associated with an additional 110 MW of BESS. All bids are resource-based products since no market-based products were submitted. Four out of eight projects selected resulted in utility owned bids. One is a benchmark bid, and the others are build-transfer agreements (BTAs). This is shown in Table 1.

Table 2: Final Ranked Shortlist

Project	Owner	Technology	Ownership	Delivery Year
[BEGIN CONFIDENTIAL]	[BEGIN CONFIDENTIAL]	330 MW solar	BTA	2028
[REDACTED]	[REDACTED]	80 MW solar	PPA	2028
[REDACTED]	[REDACTED]	149 MW solar	PPA	2028
[REDACTED]	[REDACTED]	178.6 MW wind	Benchmark/ Asset Purchase	2028
[REDACTED]	[REDACTED]	400 MW solar	PPA	2028



Project	Owner	Technology	Ownership	Delivery Year
[REDACTED]	[REDACTED]	150 MW BESS	BTA	2028
[REDACTED]	[REDACTED]	100 MW BESS	BSA	2028
[REDACTED] [END CONFIDENTIAL]	[REDACTED] [END CONFIDENTIAL]	100 MW gas/H2 plus 110 MW BESS	BTA/BSA	2028

In its Comments, Staff raised questions about steps four to six.<sup>17</sup> Specifically, it seems that the Company simply follows the outlined steps and does not consider information derived from the scenario analysis. For instance, the fact that some projects are needed in all scenarios while other bids only appear in one scenario is not considered. Similarly, the logic of comparing the NPV of portfolios with different capacity additions that may be resource deficient, is not explicated.

In Reply Comments, the Company explains that it proceeds through the analysis steps as a simple algorithm, “Idaho Power does not include a qualitative analysis in the scenario or stochastic sensitivity analyses performed as part of the 2028 RFP evaluation.”<sup>18</sup> However, “qualitative attributes of varying projects could come into play during contract negotiations and as project development status is updated.”<sup>19</sup> The IE judges the Company’s approach for the final ranking to be sensible.<sup>20</sup>

Staff sees value in reflecting qualitative information learned from modeling in ranking the FSL. While Staff does not recommend changing the present list at this point, this should be addressed in the analysis of Group 2 bids. This is a change to the scoring and modeling methodology (SMM) the Commission approved on August 16, 2024.<sup>21</sup>

*SMM Change 1: The Company’s request for acknowledgement of the Group 2 FSL should include a narrative about qualitative information derived from the modeling and a discussion of how this information informs the final ranking.*

In its Comments, Staff raised specific concerns about unique risks of benchmark and other utility-owned bids.<sup>22</sup> NIPCC pointed out that the IE had not addressed unique risks

<sup>17</sup> Docket No. UM 2317, [Staff’s Comments](#), Requests 5 and 8, January 24, 2025.

<sup>18</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 9, February 4, 2025.

<sup>19</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 9, February 4, 2025.

<sup>20</sup> Docket No. UM 2317, [LEI Closing Report](#), p. 59, January 15, 2025.

<sup>21</sup> Docket No. UM 2317, [Order No. 24-272](#), August 16, 2024.

<sup>22</sup> Docket No. UM 2317, [Staff’s Comments](#), Requests 2, 3, 7, and 13, January 24, 2025.

of non-benchmark, utility-owned bids in its closing report.<sup>23</sup> In response, the IE submitted a supplemental report documenting its analysis, including: the risk of construction cost overruns, reasonableness of forced outage rates, access of electric company-owned resource elements to third-party bidders, reasonableness of end effect values, reasonableness of environmental emission costs, reasonableness of operation and maintenance costs, adequacy of capital addition costs, reasonableness of performance assumptions, and risks of construction delays. Staff is satisfied with the answers regarding the wind, [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] and solar [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] projects.<sup>24</sup> However, concerns remain regarding the Gas/H2 plus BESS [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] and the BESS [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] projects.

[BEGIN CONFIDENTIAL] [REDACTED]

[END CONFIDENTIAL]

In response, the Company explains that it too has feasibility concerns with the Gas/H2 plus BESS project but that the “decision to include the proposal on the FSL was due to the economic evaluation and results of the AURORA modeling” as well as its “specific operational characteristics.”<sup>26</sup>

The Company has not demonstrated that the benefits outweigh the known project uncertainties, especially since major project elements, like a [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], have not been included.

Currently, the FSL includes more MW of projects than Idaho’s forecasted 2028 need. Further, this project is ranked last on the FSL. Based on Staff’s interpretation of the IE’s assessment, Staff finds taking more time to resolve critical project uncertainties prior to project acknowledgement as part of any FSL would be to the benefit of ratepayers. In

<sup>23</sup> Docket No. UM 2317, [NIPCC’s Comments on IE Closing Report](#), January 24, 2025.

<sup>24</sup> LEI, Supplement to Closing Report, January 31, 2025.

<sup>25</sup> LEI, Supplement to Closing Report, p. 22, January 31, 2025.

<sup>26</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 6, February 4, 2025.



this sense, acknowledgement of the rest of the shortlist and moving this project to the next round is the most balanced path forward.

Staff perceives little harm to the project or the Company from moving this project into Round 2 of the RFP. There would be more time to resolve outstanding project uncertainties and given the size of the FSL, very little drawback to the Company in meeting 2028 capacity needs.

*Condition 3: Remove the Gas/H2 plus BESS project from the FSL. Re-evaluate the project as part of Round 2 of the RFP, including checking for eligibility, non-price score, and price score. The Company should include reasonable estimates for currently missing cost items when modeling the bid.*

[BEGIN CONFIDENTIAL]



[END CONFIDENTIAL]

Given these concerns, Staff finds little risk for ratepayers as long as the Company does not enter into any contracts until there is clarity about permitting issues.

*Compliance with Competitive Bidding Rules*

- OAR 860-089-0100 Applicability of Competitive Bidding Requirements

OAR 860-089-0100 is applicable and competitive bidding rules have been applied to evaluate this RFP.

- OAR 860-089-0200 Engaging an Independent Evaluator

<sup>27</sup> LEI, Supplement to Closing Report, p. 22, January 31, 2025.

<sup>28</sup> Docket No. UM 2317, [Idaho Power Company's Reply Comments](#), p. 12, February 4, 2025.

The Company engaged London Economics International (LEI) as an IE to oversee the competitive bidding process. In Order No. 24-120, the Commission approved this selection, waiving the requirement to conduct a competitive selection.<sup>29</sup>

- OAR 860-089-0250 Design of Request for Proposals

The Company filed a draft RFP as well as scoring and modeling methodology on February 29, 2024.<sup>30</sup> IPC held workshops on April 2, 2024 and May 14, 2024, to solicit feedback.<sup>31</sup> The Company filed revisions to its draft on April 24, 2024, May 17, 2024, and July 16, 2024.<sup>32</sup> On May 28, 2024, the IE filed its initial report based on its review of the Company's draft 2028 RFP and scoring and modeling methodology; a follow-up report was published on August 2, 2024.<sup>33</sup> Staff, NIPPC, Renewable NW, Key Capture Energy, and IPC filed comments on the RFP draft and Staff's recommendations.<sup>34</sup> The Commission considered the 2028 RFP at its August 15, 2024, public meeting, adopting Staff's recommendations with modification, approving the 2028 RFP and scoring and modeling methodology, and directing Idaho Power to include language in the 2028 RFP to clarify that in the event of a material change in law that requires repricing, the opportunity to rebid would be available to all bidders in the same timeline.<sup>35</sup> The Company formally issued the 2028 RFP, with the Commission's modification, on August 16, 2024. Staff finds that creation of the FSL adhered to the RFP design and scoring as described, although Staff has some concerns with how the modeling was applied and with unique risks of two specific projects (as discussed above).

- OAR 860-089-0300 Resource Ownership

The Company submitted four benchmark bids. All ratepayer-funded/utility-owned assets being used by the benchmark bids were described in Exhibit P of the 2028 RFP.<sup>36</sup> IPC did not offer access to the assets used by three of its benchmark resources to third-party bidders [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]; access to the fourth benchmark resource [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] was

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<sup>29</sup> Docket No. UM 2317, [Order No. 24-120](#), May 2, 2024.

<sup>30</sup> Docket No. UM 2317, [Application for Approval of 2028 All-Source RFP](#), February 29, 2024.

<sup>31</sup> Docket No. UM 2317, [Presentation Slides](#), April 2, 2024; Docket No. UM 2317, [Presentation Slides](#), May 14, 2024.

<sup>32</sup> Docket No. UM 2317, [Revised 2028 All Source RFP](#), April 24, 2024; Docket No. UM 2317, [Final Draft](#), May 17, 2024. Docket No. UM 2317, [Updated Final Draft](#), July 16, 2024.

<sup>33</sup> Docket No. UM 2317, [IE's Initial Report](#), May 28, 2024. Docket No. UM 2317, [IE's Draft Second](#), August 2, 2024.

<sup>34</sup> See Docket No. UM 2317.

<sup>35</sup> Docket No. UM 2317, [Order No. 24-272](#), August 16, 2024.

<sup>36</sup> Docket No. UM 2317, [Updated Exhibit P](#), July 25, 2024.

conditional. The IE finds this to be reasonable based on IPC's explanation and Staff has no concerns. The 2028 RFP allowed independent power producers to submit bids with and without an option to renew and did not specify any desired ownership structure.

- OAR 860-089-0350 Benchmark Resource Score

The Company submitted four benchmark bids to be considered in Group 1, which were prepared by a separate team, and evaluated prior to the opening of the regular bids, as evidenced by the August 28, 2024, filing.<sup>37</sup> The IE submitted a report on the benchmark bids.<sup>38</sup> One benchmark bid **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** was included on the FSL.

- OAR 860-089-0400 Bid Scoring and Evaluation by Electric Company

Bid Scoring criteria were transparently explained in the final RFP and followed by the Company, as addressed above. The IE had access to bid scoring and analysis, as described in the IE closing report.<sup>39</sup>

- OAR 860-089-0450 Independent Evaluator Duties

Working closely with Staff, LEI oversaw the 2028 RFP process and has not alerted Staff to any concerns around IPC cooperation. The IE submitted a benchmark report on the Company's own bids and a supplemental report that evaluates unique risks of bids that result in company ownership.<sup>40</sup> The closing report of the IE states that they have no objections to the FSL, "the process was conducted with the utmost fairness and impartiality, upholding the integrity of the selection process."<sup>41</sup>

- OAR 860-089-0500 Final Shortlist Acknowledgement

The Company requests Commission acknowledgement of the FSL by April 1, 2025, in the present filing. The filing includes the IE's closing report, the Company's final shortlist of responsive bids, a description of sensitivity analyses performed, and a discussion of the consistency between the FSL and the Company's last-acknowledged IRP. While the

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<sup>37</sup> Docket No. UM 2317, [Idaho Power's Benchmark Bid Evaluations](#), August 28, 2024.

<sup>38</sup> LEI, Confidential Review of the Idaho Power Company's Benchmark Bids in the 2028 All-Source RFP, September 16, 2024.

<sup>39</sup> Docket No. UM 2317, London Economics International, [Closing Report](#), p. 8, January 15, 2025.

<sup>40</sup> LEI, Confidential Review of the Idaho Power Company's Benchmark Bids in the 2028 All-Source RFP, September 16, 2024. LEI, Supplement to Closing Report, January 31, 2025.

<sup>41</sup> Docket No. UM 2317, London Economics International, [Closing Report](#), p. 8, January 15, 2025.

FSL was determined in a manner consistent with the rules, as discussed in this memo, Staff still has some concerns with the modeling approach as well as with two bids. Staff has suggested conditions for acknowledgement aimed at ensuring the FSL is reasonable given the most current information, as well as expectations for both the Group 2 FSL and future RFPs.

*Compliance with RFM and SMM Conditions Order No. 24-272*

In Order No. 24-272 the Commission approved both the scoring and modeling methodology (SMM) and the Draft 2028 All-Source RFP, subject to conditions.<sup>42</sup> Staff evaluated compliance with these conditions as part of its assessment of the FSL.

- SMM Condition No. 1: Prior to the selection of an FSL, IPC should clearly specify and provide supporting documentation for any changes to the 2028 capacity need and publish this documentation to this docket and to bidders.

The Company has demonstrated a capacity shortfall of around 216 MW in 2028. As stated in Condition 1, the Company shall file a report with an explanation and justification for any procurement volume in excess of the above-identified number.

- SMM Condition No. 2: IPC work with the IE to develop a sensitivity that reflects decreases to the stated 2028 capacity need and include this sensitivity in the Final Shortlist.

Staff understands that the Company did not conduct a specific sensitivity reflecting decreases to the stated 2028 capacity need. From conversations with the Company, Staff understands that, given its updated load forecast, the Company views the base case as reflective of low end of its 2028 capacity need. In Round two of this RFP, Staff expects the Company to quantify the impacts of potentially over-building and address the learnings from this sensitivity in its request for acknowledgement.

*SMM Change 2: IPC must include in its analysis of Round 2 of this RFP a sensitivity that quantifies the cost of over-procurement if the stated capacity need did not materialize.*

- SMM Condition No. 3: With the FSL, IPC should share with Staff and the IE modeling results that demonstrate the Company has considered bids from all three bid groups as appropriate.

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<sup>42</sup> Docket No. UM 2317, [Order No. 24-272](#), August 16, 2024.

In Order No. 24-272, the Commission carved the RFP into three bid groups with overlapping timelines to give the Company an opportunity to compare and consider trade-offs when developing the shortlists:

This overlap allows the Company to assess the market for later COD bids that do not meet the interconnection requirement ("Exhibit R Eligible" bids) before the FSL for the first two groups of bids has been acknowledged. The Company states that this will give them the opportunity to compare what has been received in the second group to what was selected to the ISL, allowing for a consideration of tradeoffs associated with later COD bids. For example, if Idaho Power determines that a project from the Exhibit R Eligible group is more economic and lower risk than a project selected to the first ISL, the Company will have the opportunity to pursue this project in place of the riskier or less economical project selected to the ISL.<sup>43</sup>

Table 3 illustrates this.

Table 3: RFP Groups

	Group 1		Group 2
	2028 GIA Eligible	2029 GIA Eligible	Exhibit R Eligible
<b>COD</b>	April 1, 2028	Later than April 1, 2028	Later than April 1, 2028
<b>GIA Requirement</b>	Evidence of an active Generator Interconnection Agreement or Generator Interconnection application is required.		Not required. Proposals intend to enter the cluster study process in March 2025
<b>Timelines</b>	Evaluated on the schedule proposed in Section 2.8 of the Draft Final RFP		Evaluated on the schedule proposed in Final RFP Exhibit R of the Draft

Staff raised questions whether the Company sufficiently compared Group 1 and Group 2 projects, and whether two proposals by [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] should have been considered in the 2028 FSL

<sup>43</sup> Docket No. UM 2317, [Order No. 24-272](#), Appendix A, p. 7, August 16, 2024.

instead of being moved into the 2029 bid pool.<sup>44</sup> In response, IPC explained that “with the identified need in 2028, unless Group 2 bidders can meet a COD that supports the summer 2028 peak capacity need, 2028 FSL projects will be needed and will have to stand-alone in determining the number of contracts that will be executed to meet the deficit in 2028.”<sup>45</sup> Furthermore, the Company states that it would have not made sense to create a separate FSL with bids with a COD in late 2028, since there would have been only two bids on it. At the same time, it would not have been useful to include the **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** bids in the evaluation for the 2028 FSL, since they could not help with the Summer 2028 capacity need.

Staff became aware of the modeling challenges of implementing SMM Condition No. 3 too late in the process to be able to work with the Company to consider ways to otherwise address this condition. As such, bids from all three groups could not be considered in modeling. Staff continue to see three advantages to the overlap. First, designing an RFP for multiple years instead of year-by-year is administratively more efficient. Second, the design encouraged a larger pool of bid submittals. Third, the visibility into 2029 bids will be of value during the contract negotiations of the 2028 FSL by highlighting potentially less risky or cheaper alternatives. Staff expects the IE contract negotiations report to address whether insights into 2029 bids were helpful to the process, for instance by allowing the Company to negotiate better prices.

*Condition 4: In its contract negotiations report, the IE must report on the effects of Group 2 bids on the negotiation process.*

- SMM Condition No. 4: IPC work with the IE to develop a sensitivity analysis that evaluates the impact of a range of ITC and PTC discount rates on bids.

This sensitivity analysis was initially missing, but after request from Staff, the Company conducted such an analysis and the IE addressed it in its supplemental report.<sup>46</sup> For the modeling of 2028 RFP bids, the Company used Investment Tax Credit (ITC) and Production Tax Credit (PTC) discount rates of eight percent and five percent, respectively. In its sensitivity analysis, the Company re-ranked the ISL by applying discount rates of 15 percent and 20 percent to all asset-purchase or build-transfer agreement bids. While Staff agrees with the Company’s assessment that it is unlikely the FSL would have been affected by higher discount rates, Staff disagrees with the statement that “ITC and PTC discount rates do not have a material impact on the overall

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<sup>44</sup> Docket No. UM 2317, [Staff’s Comments](#), p. 15f, January 24, 2025.

<sup>45</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 14, February 4, 2025.

<sup>46</sup> LEI, Supplement to Closing Report, p. 24ff, January 31, 2025.



evaluation score and the relative position of the project on the ISL.”<sup>47</sup> Staff did observe material differences from the analysis, but does not believe the sensitivity analysis shows any need for revisions to the FSL. However, the material changes do suggest that the Group 2 ISL should be created considering various discount rates.

*SMM Change 3: In Round 2 of this RFP, IPC must include bids on the ISL if they are competitive when a 20 percent discount rate for ITC and PTC is applied.*

- SMM Condition No. 5: IPC will ensure the IE includes an assessment of the reasonableness of any costs allocated to ERIS bids in its initial shortlist report.<sup>48</sup>

The IE stated in an email to Staff on January 8, 2025: “There was no discussion of IPC’s cost assumptions for ERIS projects in the ISL report because IPC did not make any special assumptions for these costs. Instead, the costs used in the financial models resulted from the latest information IPC had on network upgrades costs for the projects.”<sup>49</sup> ERIS studies do not fully evaluate the capability of the system to integrate prospective resources; only upgrades needed to interconnect resources at the point of interconnection are identified. Additional required upgrades remain unknown until a network transmission service request is submitted – in this respect, one could inflate the currently known network upgraded costs to account for potential future upgrades costs that might be required for the system. However, IPC did not make any such assumptions, instead simply using the known network upgrades costs. Staff has no concerns since no cost-adders were used and no ERIS project was included in the FSL.

- RFP Condition No. 1: IPC work with Staff and Stakeholders to finalize the RFP schedule, including but not limited to the timing of benchmark bid scoring, IE reports, and price updates, prior to releasing the RFP.

The RFP schedule has been posted in Docket No. UM 2317.<sup>50</sup>

- RFP Condition No. 2: IPC reflect in Long Term Service Agreement costs of utility-owned bids either augmentation costs associated with maintaining the system performance at its original state throughout the project duration, or costs associated with maintaining a specified battery degradation curve.

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<sup>47</sup> Docket No. UM 2317, [Idaho Power Company’s Reply Comments](#), p. 15, February 4, 2025.

<sup>48</sup> Energy Resource Interconnection Service (ERIS) is a non-firm interconnection type.

<sup>49</sup> Email from IE to Staff, January 8, 2025.

<sup>50</sup> Docket No. UM 2317, [Staff’s Updated Schedule](#), October 14, 2024.

This issue is discussed in the IE Benchmark Report. [BEGIN CONFIDENTIAL] [REDACTED]

[END

CONFIDENTIAL] There is one BESS project that is acquired through a BTA on the FSL. According to the Company, they used the same O&M expense and augmentation assumptions for all BESS ownership bids, including [BEGIN CONFIDENTIAL] [REDACTED]

[END CONFIDENTIAL] The assumptions are based on recent bids or contracts executed by IPC, and are compared to a national survey.<sup>51</sup> [BEGIN

CONFIDENTIAL] [REDACTED]

[END

CONFIDENTIAL]

Taken together with previously discussed concerns, Staff does not understand why [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] remains on the FSL. These concerns are only assuaged by the fact that the project is unlikely to materialize.

- RFP Condition No. 3: IPC allow for bids from existing resources with expiring contracts to offer incremental capacity to the system, including those that would repower.

According to Section 4.3 of the RFP, existing resources with expiring contracts are allowed to offer incremental capacity.<sup>54</sup> No bids with those characteristics were submitted.

- RFP Condition No. 4: IPC change the form contracts to include yearly output guarantees instead of monthly guarantees.

Exhibit F of the RFP Section 7.12 defines output guarantees by month. In response to RFP Condition No. 4, the Company inserted an optional alternative form contract, defining output guarantees by year, directly following Exhibit F on page 451 of the PDF.<sup>55</sup>

<sup>51</sup> Docket No. UM 2317, [Idaho Power Company's Reply Comments](#), p. 16, February 4, 2025.

<sup>52</sup> LEI, Supplement to Closing Report, p. 20, January 31, 2025.

<sup>53</sup> NREL, [Annual technology baseline](#), 2022. EIA, [Capital Cost and Performance Characteristics for Utility-Scale Electric Power Generating Technologies](#), January 2024.

<sup>54</sup> Idaho Power Company, [All-Source Request for Proposals \(RFP\)](#), p. 13, August 16, 2024.

<sup>55</sup> Idaho Power Company, [All-Source Request for Proposals \(RFP\)](#), p. 451, August 16, 2024.

## Conclusion

Staff recommends the Commission acknowledge Idaho Power Company's 2026 All Source Request for Proposals Final Shortlist subject to the conditions as well as the changes to the SMM set forth below:

*Condition 1: Acknowledge FSL volume up to 216 MW of peak capacity to meet the 2028 capacity needs demonstrated by the Company. The Company shall file a report with an explanation and justification for any procurement volume in excess of the above-identified number.*

*Condition 2: IPC shall retain the IE to monitor and report on all contract negotiations. The IE will file a final report in UM 2317 that addresses: (1) Long-term service agreement (LTSA), O&M costs, and any other areas of risk for cost over-runs by projects involving utility ownership. (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. (3) A full analysis of how the specific commercial terms shaped the FSL and any impact to bid prices, including but not limited to analysis of negotiations on the following contract terms: Guaranteed COD, Transmission Upgrade Cost, Transmission Scheduling of Energy Effective Date, Curtailment, and Output guarantees. (4) Any lessons learned, including the drivers of unexecuted contracts.*

*Condition 3: Remove the Gas/H2 plus BESS project from the FSL. Re-evaluate the project as part of Round 2 of the RFP, including checking for eligibility, non-price score, and price score. The Company should include reasonable estimates for currently missing cost items when modeling the bid.*

*Condition 4: In its contract negotiations report, the IE must report on the effects of Group 2 bids on the negotiation process.*

*SMM Change 1: The Company's request for acknowledgement of the Group 2 FSL should include a narrative about qualitative information derived from the modeling and a discussion of how this information informs the final ranking.*

*SMM Change 2: IPC must include in its analysis of Round 2 of this RFP a sensitivity that quantifies the cost of over-procurement if the stated capacity need did not materialize.*

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*SMM Change 3: In Round 2 of this RFP, IPC must include bids on the ISL if they are competitive when a 20 percent discount rate for ITC and PCT is applied.*

**PROPOSED COMMISSION MOTION:**

Acknowledge Idaho Power Company's 2026 All Source Request for Proposals Final Shortlist in part, subject to the conditions and changes set forth in the conclusion of this memo.