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COMPANY NAME: Idaho Power Company

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  No  Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type:  RE (Electric)  RG (Gas)  RW (Water)  RT (Telecommunications)  RO (Other, for example, industry safety information)

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Report is required by:  OAR 860-089-0100  Statute  Order

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other (For example, federal regulations, or requested by Staff)

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List Key Words for this report. We use these to improve search results.

Notice of Exception to Competitive Bidding Requirements

Send the completed Cover Sheet and the Report in an email addressed to [PUC.FilingCenter@puc.oregon.gov](mailto:PUC.FilingCenter@puc.oregon.gov)

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.



ADAM LOWNEY  
Direct (503) 595-3926  
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August 30, 2024

**VIA E-MAIL TO**

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

**Re: Idaho Power Company's Notice of Exception under OAR 860-089-0100.**

Attention Filing Center:

In accordance with OAR 860-089-0100(3) and (4), Idaho Power Company ("Idaho Power") provides the enclosed report detailing the circumstances related to a time-limited opportunity to acquire a resource of unique value to Idaho Power's customers. This report is being served on all parties to Idaho Power's last general rate case, docket UE 426, Idaho Power's last Integrated Resource Plan case, docket LC 84, and current request for proposal case, docket UM 2317.

The enclosed report contains commercially sensitive information that is provided as confidential under OAR 860-001-0070. Confidential information will be provided upon request to those that execute a non-disclosure agreement; please contact Idaho Power's legal counsel listed below for additional information.

Idaho Power respectfully requests that all communications related to this filing be addressed to:

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August 30, 2024

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Regulatory Dockets  
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Please direct inquiries regarding this filing to Donovan E. Walker at (208) 388-5317.

Sincerely,



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## CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document on the parties to Dockets UE 426, LC 84, and UM 2317, Idaho Power's previous rate case, IRP and RFP, on the date indicated by email addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: August 30, 2024.

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Cole Albee  
Paralegal  
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RESOURCE PROCUREMENT FOR ELECTRIC COMPANIES

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**REPORT TO THE  
PUBLIC UTILITY COMMISSION OF OREGON  
PURSUANT TO OAR 860-089-0100  
(Redacted)**

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IDAHO POWER COMPANY  
ACQUISITION OF RESOURCES FOR 2026

August 30, 2024

## I. INTRODUCTION

Idaho Power Company (“Idaho Power” or “Company”), in accordance with OAR 860-089-0100(3) and (4), hereby respectfully submits this report explaining the circumstances related to a time-limited opportunity to acquire a resource of unique value to Idaho Power customers. Under the Public Utility Commission of Oregon’s (“Commission”) Competitive Bidding Rules (“CBRs”),<sup>1</sup> an electric utility such as Idaho Power must issue a request for proposal (“RFP”) that complies with the CBRs for the acquisition of a generation resource or contract 80 megawatts (“MW”) and larger and five years or longer in length, subject to certain exceptions.<sup>2</sup> An exception to this requirement is where “[t]here is a time-limited opportunity to acquire a resource of unique value to the electric company’s customers.”<sup>3</sup> When this exception to the CBRs applies, the electric company must file a report with the Commission explaining the relevant circumstances of the acquisition.<sup>4</sup>

In this filing, Idaho Power provides notice that it has acquired resources subject to the exception for a time-limited opportunity to acquire a resource of unique value to the electric company’s customers: (1) increase the 150 MW Boise Bench dispatchable battery energy storage system (“BESS”) (“Boise Bench project”) to 200 MW, providing an additional 50 MW of operating capacity necessary to meet the identified capacity deficiency in 2026; and (2) add a 50 MW market purchase of firm energy for the months June 2026 through August 2026.<sup>5</sup> These resources were selected as replacement

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<sup>1</sup> OAR Chapter 860, Division 089.

<sup>2</sup> OAR 860-089-0100(1).

<sup>3</sup> OAR 860-089-0100(3)(b).

<sup>4</sup> OAR 860-089-0100(4).

<sup>5</sup> It is unclear whether an exception filing is required for the market purchase, given its magnitude and limited duration. In the interest of transparency, however, Idaho Power includes the purchase in this filing.

resources for shortlisted projects in the 2026 All Source Request for Proposal (“2026 RFP”) that will not be capable of achieving commercial operation in 2026.

## **II. BACKGROUND**

### **A. Resource Need**

During preparation of the 2021 Integrated Resource Plan (“IRP”), the Company first identified a capacity deficit beginning in 2023. The annual capacity positions identified in the 2021 IRP were deficits of approximately 101 MW in 2023, 186 MW in 2024, 311 MW in 2025, 560 MW in 2026 and 665 MW in 2027. As a result, in order to meet its obligation to reliably serve customer load in a least-cost, least-risk manner, Idaho Power began the competitive solicitation for the acquisition of resources, conducted through the issuance of multiple RFPs, the 2021 All Source Request for Proposals for Peak Capacity and Energy Resources issued on June 30, 2021 (“2021 RFP”), the 2022 All Source Request for Proposals for Peak Capacity and Energy Resources issued on December 30, 2021 (“2022 RFP”), and the 2026 RFP. The competitive RFP process allowed the Company to access the broader peak capacity and energy market to obtain the best resources for Idaho Power’s customers, allowing for access to a spectrum of potential resources and developers. Use of a formal RFP process provides customers with the assurance that the resource selection process was competitive, all potential developers had an equal opportunity to participate, and that the best resource alternative was selected.

### **B. 2026 RFP**

Following approval by the Commission, the 2026 RFP was issued on June 8, 2023, and targeted resource procurement consistent with the capacity deficiencies identified in the 2021 IRP. Accordingly, the 2026 RFP sought proposals for a combination of energy

and capacity resources with as much as 1,100 MW of variable energy resources and a minimum of 350 MW of peak capacity. Idaho Power accepted bids for energy or capacity incremental to its system in the 2026 timeframe from market energy purchases or new or existing resources.

Through the 2026 RFP, the Company’s intent was to solicit bids for (1) energy market purchases and (2) new or existing resources. Energy market bids were required to begin delivery across Idaho Power-controlled transmission on or before June 2026. The eligible products included asset purchases, power purchase agreements (“PPAs”), and battery service agreements (“BSAs”) with exclusive ownership by the Company of any and all environmental attributes associated with the energy generated. New resource bids were required to have a target commercial operation date on or before June 2026.

**C. Final Shortlist**

On December 8, 2023, in accordance with OAR 860-089-0500, Idaho Power filed a request for acknowledgment of the final shortlist resulting from the 2026 RFP. The final shortlist included the following projects:

**Table 1. Final Shortlist – 2026 Projects.**

<b>Rank</b>	<b>Resource</b>
1	Market Contract: 5 Years
2	200 MW Solar + 100 MW BESS
3	200 MW Solar
4	150 MW BESS
5	100 MW Solar + 100 MW BESS
6	200 MW Solar + 50 MW BESS

On February 22, 2024, the Commission issued Order No. 24-055<sup>6</sup> approving the Company's final shortlist with two conditions: (1) the Commission acknowledged the final shortlist volume up to 1,100 MW of variable energy resources and 350 MW of peak capacity to meet the 2026 and 2027 capacity needs as identified in the 2021 IRP, but ordered Idaho Power to file a report with an explanation and justification for any procurement volume in excess of those amounts, and (2) the Company must retain the Independent Evaluator ("IE") to monitor and report on all contract negotiations, with the IE reporting to Staff at least monthly on contract negotiations and any impacts to pricing or bid withdrawals.

#### **D. Negotiations**

Once the most cost-effective 2026 projects were identified, the Company began negotiations with developers for procurement of the resources necessary to meet Idaho Power's updated 2026 capacity deficit of 236 MW: (1) the 200 MW market purchase product, (2) the Savion, LLC ("Savion") 200 MW solar photovoltaic ("PV") plus 100 MW BESS project (the Powers Butte Energy Center), and (3) the Boise Bench project, a benchmark resource, the Idaho Power-owned battery storage facility providing up to 150 MW of operating capacity.<sup>7</sup>

Since identification on the final shortlist, the Company worked diligently with Savion on both the PPA associated with the 200 MW solar PV facility as well as the battery supply agreement associated with the 100 MW battery storage facility. But

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<sup>6</sup> *In re 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. 24-055 (Feb. 22, 2024).

<sup>7</sup> Two of Savion's projects made the final shortlist, the 200 MW solar PV plus 100 MW BESS project as well as a 200 MW solar PV project (projects two and three in Table 1). However, Savion indicated that, while multiple variations of its 2026 Powers Butte Energy Center project were submitted, only one alternative was available for procurement. That is, the third ranked 200 MW solar facility is the same solar facility reflected in the second ranked Savion project, not a separate, additional 200 MW solar facility.

## REDACTED

execution of the agreements stalled when, on July 30, 2024, Savion was denied a Conditional Use Permit by Ada County, Idaho, for their Powers Butte Energy Center. While Savion intends to continue siting efforts, Savian indicated the June 1, 2026, commercial operation date is no longer feasible.

During negotiations with Savion, the Company was also working with the developer of the next most cost-effective project on the final shortlist for the procurement of additional resources to ensure continued reliable electric service in 2026. Because [REDACTED]'s 200 MW solar PV plus 50 MW BESS would not be large enough to fill the remaining 2026 capacity deficiency, only one potential final shortlist project remained, [REDACTED]'s 100 MW solar PV plus 100 MW BESS. Unfortunately, when it became evident the Power Butte Energy Center project was likely delayed, [REDACTED] notified Idaho Power that they too would not be able to meet a June 1, 2026, commercial operation date. While the Company continues negotiations with Savion and [REDACTED] as potential cost-effective resource additions for 2027, the inability to contract 2026 resources required Idaho Power to seek alternative resources.

### **E. Adding 50 MW BESS to the Boise Bench Project**

To meet the remaining 2026 capacity deficiency created by the delay of the Savion and [REDACTED] projects, that Company was able to cost-effectively expand the least-cost, least-risk 150 MW Boise Bench project to provide an additional 50 MW of operating capacity. The Company executed the agreement for the procurement of the additional batteries on July 31, 2024. In addition, the Company is in the process of procuring a separate battery storage facility that will provide an additional 50 MW of operating

capacity at a location yet to be determined.<sup>8</sup> In total, the two battery storage facilities will provide the 100 MW of operating capacity necessary to meet the remaining deficit and for Idaho Power to continue to provide safe, reliable electric service in 2026.

#### **F. 50 MW Market Purchase**

In August 2024, an opportunity arose for Idaho Power to purchase 50 MW of firm energy delivered to its border, for the months June 2026 through August 2026, around the clock, seven days a week. This market purchase will also ensure that Idaho Power meets its summer 2026 capacity deficit. The Company was unable to procure additional market purchases; 50 MW was the maximum purchase available.

### **III. DISCUSSION**

The Idaho Power-owned BESS and market purchase represent time-limited opportunities to acquire resources of unique value to customers. These resources provide least-cost, least-risk resources necessary to meet the 2026 capacity deficiency.

To determine the reasonableness of the addition of the 50 MW BESS to the Boise Bench project, Idaho Power compared the levelized cost of the BESS to the levelized cost of the final shortlist project in the equivalent technology group. This comparison was possible because the 2026 RFP bids were ranked within their respective technology group based on their pricing and non-pricing scores. As the highest ranked final shortlist project and only standalone battery storage bid, the levelized cost of the Boise Bench battery storage facility providing 150 MW of operating capacity was compared to determine the cost-effectiveness of the alternative BESS resource.

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<sup>8</sup> Because the procurement of the second 50 MW BESS is not completed yet, the Company will submit a second exception filing for that resource.



While the first alternative resource, the 50 MW of additional operating capacity at the Boise Bench battery storage facility, is an extension of the final shortlist project, Idaho Power was able to procure the additional 50 MW of battery storage at a levelized cost less than the levelized cost of the initial Boise Bench battery storage facility bid.

In addition, due to diligent efforts by the Company, the amendment to the existing agreement for the Boise Bench battery storage facility was executed on July 31, 2024, allowing for delivery of the battery storage system in 2025, prior to the increase of approximately 17.5 percent in the tariff rate applied to lithium-ion battery imports. Confidential Attachment 1 is a copy of the Boise Bench BESS Agreement, reflecting the 200 MW of operating capacity. According to the vendor, Idaho Power had to execute the agreement by July 31, 2024, to meet both the June 1, 2026, commercial operation and the tariff deadline dates.

The 50 MW market purchase, the maximum purchase available, is also cost-effective and will enable the Company access to critical capacity around the clock for the duration of summer 2026. The Company was unable to procure additional market purchases.

The approval of the final shortlist for procurement of resources under the CBRs is an extensive process, spanning nearly 15 months, that employs a fair and competitive 2026 RFP process. This 15-month timeline was solely related to the 2026 RFP process and diligence; it did not include contract negotiation, contract execution, material procurement, and construction, which can take another two to four years, depending on the resource. The RFP process began with the engagement of an IE, with participation from Staff and stakeholders throughout, and involved a comprehensive eligibility

screening process, the meticulous assessment and scoring of the resource bids, including benchmark resources, and a rigorous scenario analysis followed by a portfolio sensitivity analysis of the final shortlist. At the end of the process, the Company's IE attested to the reasonableness of Idaho Power's approach in identifying bids for the final shortlist and stated the process was conducted with the utmost fairness and impartiality, upholding the integrity of the selection process.

To meet the 2026 capacity deficiency, the Company used the results from the final shortlist, selecting two of the most cost-effective projects identified through the extensive competitive bidding process but was unable to contract from the final shortlist additional resources necessary to meet the remaining 2026 capacity deficiency. The procurement of the alternative discussed here will provide for the least-cost and least-risk resources necessary and required to timely meet the Company's resource needs and continue to provide reliable and adequate service to Idaho Power's customers starting in the summer of 2026 and into the future.

#### **IV. CONCLUSION**

To meet Idaho Power's 2026 capacity deficit, the Company acquire two replacement resources to fulfill the need created by delays in final shortlist projects from the 2026 RFP. These resources are least-cost, least-risk and present a time limited opportunity and provide value to customers because they can achieve commercial operation by summer 2026.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

IDAHO POWER COMPANY'S NOTICE OF EXCEPTION  
UNDER OAR 860-089-0100

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Attachment 1

Amended & Restated Battery Energy Storage System Supply Agreement

REDACTED

August 30, 2024

IDAHO POWER COMPANY'S NOTICE OF  
EXCEPTION UNDER OAR 860-089-0100.

ATTACHMENT 1 IS CONFIDENTIAL IN ITS  
ENTIRETY SUBJECT TO OAR 860-001-0070  
AND WILL BE PROVIDED SEPARATELY

August 30, 2024