

March 21, 2024

Mark Rothleder
Chief Operating Officer
California Independent System Operator

Subject: EDAM Participation

Dear Mr. Rothleder:

Idaho Power has been actively analyzing two day-ahead markets in the Western Interconnection. As part of this effort, we commissioned market studies to determine the potential benefits to our customers in expanding the existing real-time market into the day-ahead time frame. These studies show that the California Independent System Operator's (CAISO) extended day ahead market (EDAM) could provide the most value for Idaho Power's customers.

Based on the study results and additional analysis performed, we are currently leaning towards EDAM as the preferred day-ahead market in our respective Balancing Authority Area (BAA), subject to necessary regulatory approvals and satisfactory resolution of certain outstanding issues. Before formally committing to join and implement EDAM, it is important to resolve a few issues. Two of these include:

- Transmission Revenue Recovery Mechanism: EDAM participants should be reimbursed for short-term OATT transmission revenue losses. This market design element is critical to ensure that a cost shift does not occur among open access transmission customers. We understand that CAISO intends to resubmit this market design element to Federal Energy Regulatory Commission, and we look forward to resolution of this important issue.
- Gas Unit Participation: Gas units play an important role in system reliability and must be compensated accordingly. Because gas generation located outside California may not have the same storage ability as gas generation located in the CAISO BAA, we believe it is critical to accurately define a default energy bid that represents the actual fuel risk and costs of each unit, addressing both the fuel zone and purchase cycle relative to the awards.

While not an issue requiring resolution before formally committing to join EDAM, we continue to view governance as an important area of evolution. The joint authority governance structure is acceptable from Idaho Power's perspective for EDAM in the near-term; however, we encourage CAISO and stakeholders to find solutions to move towards independence in the governance structure.

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We are encouraged by the results of the benefits studies and view EDAM as an important option to increase market benefits that our customers are already experiencing in WEIM. We look forward to continued discussions with CAISO to successfully address these important issues.

*Please note that this letter contains forward-looking statements.

Respectfully,



Kathy Anderson
Transmission and Markets Senior Manager
Idaho Power Company

cc: Lisa Grow, Idaho Power Company
Adam Richins, Idaho Power Company
Elliot Mainzer, CAISO

*Note about Forward-looking Statements in this Letter: This letter contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are all statements other than statements of historical fact, including, without limitation, those that are identified by the use of words such as “could,” “expects,” “believes,” or similar expressions and statements regarding the impact of potential EDAM participation on Idaho Power Company and its customers. Forward-looking statements should be read with the cautionary statements included in IDACORP’s Form 10-K for the year that ended December 31, 2023, including in Part 1, Item 1A — “Risk Factors” in that report, and in other reports filed by IDACORP and Idaho Power with the Securities and Exchange Commission.