

Cost Causation and the 2026 National Transmission Needs Study: An Idaho Assessment

A technical review of the Department of Energy's draft needs study and its implications for three proposed transmission projects — prepared for public comment and regulatory review.

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distribution

SUMMARY OF FINDINGS

This analysis concludes that three proposed transmission projects — Boardman-to-Hemingway (B2H), Southwest Intertie Project-North (SWIP-N), and Gateway West — are not supported as Idaho-driven reliability requirements on the evidentiary record, and that the current cost-allocation framework assigns the associated cost and risk to Idaho ratepayers rather than to the parties who cause or benefit from the underlying load.

The Department of Energy's draft *National Transmission Needs Study* is the primary evidentiary basis utilities and developers are expected to cite in support of these projects. A close technical reading does not support that conclusion for Idaho specifically.

The deficit is manufactured — it didn't have to exist. Idaho did not face a serious, unavoidable shortfall. It had manageable, gradual growth sitting on top of one of the lowest-cost, hydro-anchored systems in the country. The "deficit" now used to justify billions in new lines was created by a chain of discretionary choices, each of which could have been made differently.

- **The surge was invited, not organic.** Idaho Power itself attributes a demand "surge" to a handful of very large, discretionary customers — a Meta data center in Kuna and Micron's expansion — with ~1,000 MW of new peak demand crammed into five years. Accommodate fewer speculative megawatts and the emergency evaporates.
- **The shortfall is partly self-inflicted.** Idaho Power is voluntarily retiring its firm coal generation by 2028 and selling surplus power and renewable credits into wholesale markets — then citing the resulting

gap as the reason it must import power over new interregional lines.

- **The forecast manufactures the number.** The plan leans on data-center demand that, industry-wide, is mostly phantom: in Texas, ~226 GW queued but only 1.8% actually operating; Exelon says only 22% of its own pipeline is real.
- **It's aimed out of state.** DOE's own description of SWIP-N frames it as sending Idaho wind "to Southern Nevada and to customers in California." California's own planning has named Idaho wind, by the megawatt, since the 2021–22 cycle.
- **The study can't even see an Idaho "need."** Its national congestion numbers are built from market data that mostly doesn't exist for non-RTO Idaho — so it cannot honestly be cited as proof these specific lines are needed here.
- **And the pipeline keeps growing.** Since this analysis, a data center has been confirmed in Pocatello,¹¹ another project has been reported near Cassia County as part of a proposed multi-county power-generation, transmission, and data-center development in the Magic Valley,¹² and additional interconnection requests continue to be filed — each one a fresh discretionary load that will be cited to justify the same "deficit."

"Give your capacity away and you can always declare yourself short."

Under utility ratemaking, the ratepayer carries everything and the utility carries nothing. You repay the full cost of the line and pay the utility a guaranteed profit — roughly 10% Return on Equity — every year, so every dollar of transmission costs ratepayers roughly two to three dollars over

its life. You pay that profit during construction, before a single electron flows, and, under FERC's abandoned-plant rule, even if the project is canceled. If the promised demand never materializes, the household and the irrigator pay for a stranded asset while the developer walks and the shareholder still collects.

Already, a typical Idaho Power home is paying about \$12.13 more a month starting January 2026, on top of a 7.31% increase in 2024; Rocky Mountain Power, which co-owns B2H, sought roughly 27% over two years, with much more capital spending queued behind it. The new Western energy market, ROWE, ends California's political control of the market's rules — a real improvement — but does nothing to change where the power flows, who pays for these lines, or whether Idaho's scarce winter capacity gets committed to a regional pool.

RECOMMENDATION TO REGULATORS

Idaho ratepayers should not bear the cost and risk of lines whose primary function is serving California's grid and speculative data-center load. At minimum, the Commission should apply a beneficiary-pays / cost-causation standard — the party that causes a cost, or captures its benefit, should bear it — with developers and shareholders, not captive ratepayers, assuming the risk of demand that fails to materialize.

01 The problem in plain language

Strip away the jargon and the draft study does three things at once. It confirms Idaho has real, present transmission problems: Idaho

Power's lines to its neighbors are "fully allocated," and there's a bottleneck between the Magic Valley (Midpoint) and the Treasure

Valley (Hemingway) — two of Idaho's biggest load centers. That part is true and useful.

But it counts and frames those problems in ways that push Idaho to the back of the line. The headline national numbers are built from market data that mostly doesn't exist for Idaho, so Idaho's congestion is nearly invisible in the totals that drive federal attention and money. And it arrives at a moment when the money and the mission are being pulled in the opposite direction: the 2023 study said "build a lot, here's the money"; the 2026 draft says "we just describe needs, we don't prescribe" — while the same administration is canceling roughly \$8 billion in grid awards and has renamed the national lab whose modeling the study relies on.

The one honest boundary, and how to hold it. Idaho's population growth is genuinely high, so expect the utility to say "the need is real." Concede only this narrow

point: there is some organic, gradual growth. Then hold the line — that slice is modest, it can be met with cheaper and local resources (efficiency, demand response, storage, in-state generation), and it does not require billion-dollar interregional lines to California. Keep the fight on which resources, who benefits, and who carries the risk — not on whether Idaho's lights stay on, which is a strawman the utility will hand you so it can win the argument on fear.

Why the shortfall is "partly self-inflicted." Coal, gas, and hydro are firm, dispatchable resources: you can call on them at the exact moment of peak demand. Wind and solar are energy, not firm capacity — they deliver when the weather cooperates, which is frequently not during a winter cold snap at 7 a.m. When Idaho Power retires its coal units and replaces them largely with wind, solar, and batteries, its nameplate megawatts can rise while the firm capacity credited toward peak

demand falls. That gap is the "capacity deficit" used to justify new transmission. Shrink the firm stack and the deficit appears on paper.

Selling surplus power and renewable credits gives away what Idaho could have kept: capacity committed to exports — most visibly the wind SWIP-N is designed to send to Nevada and California — is capacity not held in reserve for Idaho's own peak. And

once a Renewable Energy Credit is sold, Idaho Power can no longer honestly claim that generation as "clean." You cannot sell the green and still cite it as your reason for building. The result is circular: retire firm capacity, commit resources outward, sell off the green attributes, and you convert a largely self-sufficient system into one that is import-dependent and export-committed — which then "requires" the very lines whose cost lands on Idaho ratepayers.

02 Five weaknesses in the draft study

A congestion study wrapped in a political mission. The draft opens with five of President Trump's executive orders and the phrase "energy dominance," then assesses need. But Federal Power Act § 216 asks a narrow technical question — where is the grid congested? A mission statement about "dominance" tilts the study toward a preferred answer before any data is examined. Idaho Power's own

least-cost analysis says B2H and SWIP-N beat new in-state gas; a study framed to favor in-state firm generation subtly undercuts Idaho's own cheapest option.

The evidence base has been politicized. The draft leans on modeling from "the National Laboratory of the Rockies (formerly the National Renewable Energy Laboratory)." DOE renamed NREL on December 1,

2025 — stripping "renewable" — and laid off roughly 114 staff amid deep budget cuts. Using that lab's modeling while erasing and defunding it is incoherent.

Idaho is statistically invisible in the headline numbers. The marquee figure — congestion cost ~\$11 billion in 2023 — is built from locational marginal prices that only organized markets publish. Idaho is non-RTO; there is no public price market for most of it. So Idaho's very real congestion never enters the number everyone quotes. Absence of data is being treated as near-absence of need.

A quiet retreat from doing anything about it. The draft says its purpose is "not to prescribe particular solutions." The 2023 study quantified need and tied it to funding; the 2026 draft catalogs the need but drops the "here's the money" half — while the administration cancels grid awards.

Skepticism applied only where convenient. The draft treats pro-transmission capacity models as possibly outdated, but accepts booming data-center forecasts at face value. If anything, the data-center forecasts are the more speculative of the two.

03 The data-center boom may be a bubble

The concern that data-center demand is a bubble is no longer just an industry-analyst view; it is now a formal warning from the institutions whose job is to watch for financial crises. In its 2026 Annual Economic Report, the Bank for International Settlements — the Basel-based body that coordinates the world's central banks — placed the AI/data-center capital-spending boom-and-bust among its top three threats to global financial stability, alongside sovereign-debt fragility and inflation. It drew a direct parallel to past investment manias: canal building, 1800s railway

mania, 1920s electrification, the 1990s dot-com boom — each a genuine breakthrough that pulled in far more capital than eventual returns could justify, each ending in a "protracted investment bust." Notably for Idaho, the BIS singled out grid-connection bottlenecks and rising electricity prices as part of the fragility.

1.8%

of ERCOT's ~226 GW
queued large-load requests
was actually operating in
late 2025

22%

of Exelon's 65-GW data-
center pipeline that the
company itself expects to
materialize

2–3×

what a \$1 transmission line
ultimately costs ratepayers
once ROE and taxes accrue

The IMF's October 2025 Global Financial Stability Report reached the same conclusion from the financing side: major technology firms are leveraging up to fund the build-out, creating a mismatch between long-lived physical assets and short-term debt. Transmission built for data-center load is a 40-to-60-year, ratepayer-funded, profit-bearing commitment. The counter-argument is fair: Idaho Power points to a real Meta data center in Kuna and a Micron expansion as actual drivers, and it requires large energy users to fund their own interconnection. So the honest position isn't that all data-center load is fake — it's that the forecasts are inflated, the risk of over-building is real, and that risk should sit with developers and shareholders, not be socialized onto households and irrigators.

04 Built to serve California

CAISO is planning new high-voltage lines to reach "out-of-state resources in New Mexico, Wyoming, and Idaho," and DOE's own description of SWIP-N frames it as moving wind energy from Idaho to Southern Nevada and to customers in California. This is not new: beginning with the 2021–22 cycle, CAISO started studying how to import Idaho wind. By July 2023, adopted portfolios called for 1,000 MW from Idaho; the 2024 Outlook carried roughly 12,000 MW of out-of-state wind; and the 2025–2026 Transmission Plan, approved May 2026, plans to import over 10 GW of out-of-state wind, with SWIP-North supplying about 1,100 MW from Idaho.

"The line Idaho ratepayers are being asked to help fund has appeared in California's plans as California's designated supply — for the better part of a decade."

When Idaho land hosts a line whose energy serves California or Nevada load, Idaho bears the siting burden — B2H already involves 30-plus condemnation suits in Oregon and a roughly 15-year permitting fight — while the benefit accrues partly out of state. The Harvard Electricity Law Initiative's 2025 paper on this mechanism found a \$5 billion regional transmission package built largely for data centers left Maryland ratepayers owing roughly \$500 million, mostly residential. The same machinery can put Idaho ratepayers on the hook for lines that principally serve others.

05 What this does to your bill

A regulated utility doesn't just get reimbursed for a transmission line. It puts the line into rate base and then, every year, customers pay depreciation, plus a return split between interest to lenders and profit to shareholders — Return on Equity — plus taxes grossed up on that profit. Because of the return, a \$1 transmission line costs ratepayers well more than \$1 over its life, often roughly 2–3×. FERC-authorized transmission ROEs run about 9.5–10.7%.

FERC Commissioner Mark Christie put the ratepayer's position bluntly: incentives like recovering construction costs before a line is even finished make consumers "the bank" for the developer — except the consumer not only loans the money but also pays the utility a profit for the privilege. The American Economic Liberties Project estimates excess ROEs

alone cost U.S. customers roughly \$50 billion a year, about \$300 per household.

The trend is not hypothetical. Idaho Power's 2025 general rate case adds about \$12.13 a month for a typical residential customer starting January 2026; its 2024 case added 7.31%. Rocky Mountain Power, which co-owns 55% of B2H, requested 26.8% total. Idaho Power's own planners say the quiet part out loud: rates "are likely to continue to go up," and "we just need to expand like crazy."

For every \$100 million of transmission Idaho Power rate-bases, the first-year revenue requirement is roughly \$10–12 million, summing to well over the original \$100 million across the asset's life. If a meaningful share of the forecasted data-center load is phantom, Idaho could be paying that guaranteed return on over-built capacity — the stranded-asset scenario — with construction-cost

recovery and abandonment rules
ensuring ratepayers, not
developers, absorb it.

06 Does the new Western market fix this?

ROWE — the Regional Organization for Western Energy — is a brand-new, fully independent body created to govern the Western energy markets, separate from CAISO. It replaces the California Governor's unilateral control over the market-governing board with a regional board chosen across the West, and it's specifically designed to remove California's political control of market rules — a real improvement. Analysts call it "a sea change."

But governance is not gravity. ROWE changes who writes the rules, not where the electrons and the value flow. California's huge load still pulls Idaho's low-cost wind and solar toward export. Western utilities are already proposing a regional resource-adequacy program under ROWE that could commit Idaho's scarce firm winter capacity to a shared pool. And California's enabling law lets it revert to its old control if the market undermines its policy goals — California keeps a backstop; Idaho has no symmetric escape hatch. Net: ROWE is genuinely better than California-controlled CAISO for Idaho's governance concerns, but it is not a shield on cost causation, firm-capacity obligations, or the export of Idaho-financed value. Those must be secured in the ROWE design and in state and federal cost-allocation rules, not assumed.

SEVEN FALLACIES IN THE DRAFT STUDY

1. **Loaded framing.** Leading with executive orders and "energy dominance" pre-decides a technical question.
2. **Selective skepticism.** Doubting transmission models while trusting shakier data-center forecasts.
3. **Measurement bias sold as neutral.** Counting congestion only where markets publish prices.
4. **Motte-and-bailey on scope.** "We only describe needs" retreats from the 2023 study's funded targets.
5. **Genetic inconsistency.** Citing NREL's modeling while renaming and defunding the lab.
6. **Cost/benefit misattribution.** Treating a line's value as justification while ignoring who bears the cost.
7. **Sunk-cost setup.** Construction-cost recovery and abandonment incentives let planners build speculatively because ratepayers carry the downside.

07 Recommended regulatory actions

This analysis does not oppose transmission investment as a category. It applies a single evaluative standard — cost causation, under which the party that causes a cost, or captures its benefit, bears it — to reframe the regulatory question from "build versus don't build," which the record does not support, to "who pays and who bears the risk," where the evidentiary gap identified above is material.

TIER 1 — DOE PUBLIC COMMENT DOCKET

DOE should correct the Western measurement gap, identify Idaho's constraints explicitly as § 216 needs on their own merits, articulate a beneficiary-pays principle prior to endorsing interregional build-out, and disclose analytic independence given the NREL reorganization.

TIER 3 — ROWE GOVERNANCE DESIGN

Idaho should secure board representation and cost-allocation rules that protect its firm winter capacity, with participation conditioned on symmetric exit protections comparable to California's.

TIER 2 — IPUC RATE PROCEEDINGS

The Commission should require large-load tariffs with enforceable terms — take-or-pay contracts, up-front collateral, exit fees — and apply heightened scrutiny to ROE and capital structure in every rate case.

TIER 4 — AFFECTED-PARTY COORDINATION

Relevant stakeholders include irrigation-class ratepayers, residential ratepayer advocates, county governments along proposed rights-of-way, and consumer-protection organizations.

"The evidentiary record supports Idaho's own transmission needs. It does not support assigning Idaho ratepayers the cost and risk of capacity built primarily for California's grid and speculative data-center load."

08 **A separate concern: regulatory independence**

The cost-allocation protections this analysis recommends depend on the IPUC functioning as a genuinely independent check on utility proposals. That premise is itself under scrutiny. In October 2025, two former senior IPUC officials — former Executive Director Maria Barratt-Riley and former policy strategist Joshua Haver — filed a whistleblower lawsuit in Ada County District Court alleging, among other claims, undisclosed one-on-one ("ex parte") meetings between individual commissioners and representatives of utility companies with open rate cases before the Commission, including Idaho Power, structured to avoid triggering the state's open-meeting-law quorum requirements.¹³

A separate allegation in the same lawsuit — widely reported as the "Whiskey Caucus" episode — involves a different company: it claims an IPUC program manager offered a representative of Veolia, a water utility with an open rate case, favorable settlement terms in exchange for help winning an informal drinking competition at a Washington, D.C. industry conference. Veolia has stated the allegations "do not reflect the professional standards of Veolia and its employees" and that the lawsuit does not allege misconduct by any Veolia employee.¹³ These are allegations in a pending, unadjudicated lawsuit, not established findings — and the whiskey-related claim specifically concerns Veolia, not Idaho Power. The relevant point for this analysis is narrower and already substantiated by the filing itself: the same lawsuit alleges a pattern of undisclosed direct contact between IPUC leadership and Idaho Power and other utilities on matters before the Commission. Given that pattern, the cost-allocation and rate-case scrutiny recommended in Section 7

should be paired with public monitoring of the litigation's outcome and of the Commission's compliance with open-meeting requirements going forward.

09 A short glossary

B2H — Boardman-to-Hemingway, a ~290-mile, 500-kV line connecting eastern Oregon to Idaho Power's Hemingway substation, co-owned PacifiCorp 55% / Idaho Power 45%.

SWIP-N — Southwest Intertie Project—North, a ~285-mile, ~2,000-MW line from Twin Falls, Idaho to Ely, Nevada.

ROE — Return on Equity, the guaranteed profit a utility earns on the transmission it builds and puts in "rate base." The main reason a line costs ratepayers far more than its sticker price.

ROWE — Regional Organization for Western Energy, the new independent body governing the Western energy markets (EDAM/WEIM), separate from CAISO.

CWIP — Construction Work in Progress: an incentive letting a utility charge ratepayers a return on a project while it's still being built.

Phantom load — Data-center demand that appears in interconnection queues but may never be built, because developers file the same project in many places.

Rate base — The total capital a utility has invested on which it is allowed to earn a return. Growing rate base means

growing profit — the central incentive to build.

Cost causation — The principle that costs should fall on those who cause or benefit from them.

IPUC — Idaho Public Utilities Commission. Three governor-appointed commissioners who set Idaho Power's rates and decide whether projects like B2H go forward.

FERC — Federal Energy Regulatory Commission. The federal agency that regulates interstate transmission lines, wholesale power sales, and the profit rate (ROE) utilities are allowed to charge.

CAISO — California Independent System Operator. Runs California's power grid and decides which out-of-state lines California will pay to help build.

IRP (Integrated Resource Plan) — A utility's public, roughly-20-year plan for how it will meet future demand. Filed every two years; this is the document that formally proposes new power lines and plants.

Ex parte communication — A private conversation between a regulator and one side of a case, outside the public record, about a matter the regulator is supposed to decide impartially.

Interconnection queue — The waiting list of proposed power plants or large customers (like data centers) asking to connect to the grid. Many projects on the list never get built.

DOE — U.S. Department of Energy.
Produces the national transmission-needs study this document responds to.

10 Where to file a comment or ask a question

Idaho Public Utilities Commission (IPUC)

Sets Idaho Power's rates; decides Idaho project applications (e.g., B2H, Case No. IPC-E-23-01).

11331 W. Chinden Blvd., Bldg. 8, Suite 201-A, Boise, ID 83714 · P.O. Box 83720, Boise, ID 83720-0074

Phone: 208-334-0300 · Toll-free: 1-800-432-0369

Case search: puc.idaho.gov/case · File a comment:

puc.idaho.gov/Form/CaseComment

Oregon Public Utility Commission (OPUC)

Co-regulates B2H with the IPUC on the Oregon side (Docket PCN 5).

Filing Center: oregon.gov/puc · Key cases: oregon.gov/puc/filing-center/pages/key-cases.aspx

Federal Energy Regulatory Commission (FERC)

Sets transmission ROE and interstate cost-allocation rules; hosts the public docket record.

eLibrary (docket search):

elibrary.ferc.gov

Support: FercOnlineSupport@ferc.gov · 1-866-208-3676 · TTY 202-502-8659

U.S. Department of Energy — Grid Deployment Office

Author of the draft National Transmission Needs Study discussed throughout this analysis; the study's public comment period is the venue for Tier 1 recommendations.

Search "National Transmission Needs Study" at energy.gov/gdo for the current docket and comment deadline.

11 Integrated Resource Plans, 2020–2026

IRPs are filed every two years and are the primary public record of how each utility justifies new transmission and generation. Both companies' full archives (including public-input meeting materials) are linked below.

Idaho Power

Archive & current plan: idahopower.com
→ [Our 20-Year Plan](#)

2021 IRP: [PDF](#) · 2023 IRP: [PDF](#) · 2025
IRP: [PDF](#)

Questions: irp@idahopower.com

PacifiCorp / Rocky Mountain Power (co-owner, B2H)

Archive & current plan:
pacificorp.com/energy/integrated-resource-plan.html

2023 IRP: [PDF](#) · 2025 IRP: [PDF](#)

Questions: irp@pacificorp.com · 503-813-5245

12 Sources & notes

Selected sourcing for figures and claims cited above. Not every sentence in this document carries a numbered note; this list covers the load-bearing statistics and the most consequential claims.

1. U.S. Department of Energy, draft *National Transmission Needs Study* (2026), open for public comment; search current docket at energy.gov/gdo.
2. Bank for International Settlements, *Annual Economic Report* (June 2026), bis.org.
3. International Monetary Fund, *Global Financial Stability Report* (October 2025), imf.org/en/Publications/GFSR.
4. Data on interconnection-queue "phantom load" (ERCOT ~226 GW queued / ~1.8% operating; Exelon ~22% pipeline materialization): Utility Dive and PowerMag industry reporting, 2025–2026.
5. CAISO 2025–2026 Transmission Plan (approved May 2026) and 20-Year Transmission Outlook filings: caiso.com/planning.
6. FERC transmission ROE orders and 2024 average authorized ROE: FERC eLibrary, elibrary.ferc.gov; Commissioner Mark Christie's CWIP remarks reported by S&P Global, 2024.
7. Idaho Power 2025 general rate case (~+\$12.13/month residential, effective Jan. 2026) and 2024 limited rate case (+7.31%): case filings and orders searchable at puc.idaho.gov/case.
8. Rocky Mountain Power (PacifiCorp) Idaho rate request (+26.8% total, phased 2025–2026): Oregon/Idaho filings, rockymountainpower.net.
9. Harvard Electricity Law Initiative, *Extracting Profits from the Public* (2025), Harvard Law School, eli.law.harvard.edu.
10. B2H Certificate of Public Convenience and Necessity: IPUC Case No. IPC-E-23-01, Order No. 35838 (June 30, 2023); OPUC Docket No. PCN 5, Order No. 23-225 (June 29, 2023).
11. Pocatello data center (former Hoku polysilicon site, 1800 River Park Way): Lex Developments LLC / Portneuf Capital conditional-use-permit application, City of Pocatello Hearing Examiner, May 14, 2026. Reporting: BoiseDev, "Another large Idaho data center proposed, valued at \$2 billion+" (boisedev.com, May 14, 2026); Idaho State Journal, "Defunct Hoku plant could become AI data center under new proposal."
12. Cassia County / Magic Valley project (Terra Volt Infrastructure Inc., proposed near Raft River): BoiseDev, "Data center campus possible in Magic Valley as tax cuts continue" (boisedev.com, March 16, 2026). As of that reporting, no formal application had been filed and no construction timeline announced; a distinct "three-county" generation-transmission-data-center project was described to this author but could not be independently confirmed against a public filing as of this writing — treat that specific characterization as unverified pending a primary source.

13. IPUC whistleblower lawsuit (Barratt-Riley and Haver v. Idaho Public Utilities Commission), filed Ada County District Court, October 2025. Reporting: Idaho Statesman, via East Idaho News, "2 high-ranking officials ousted from Idaho Public Utilities Commission say agency is 'not independent'" ([eastidahonews.com](https://www.eastidahonews.com/news/2-high-ranking-officials-ousted-from-idaho-public-utilities-commission-say-agency-is-not-independent), Nov. 19, 2025); NewsData/Clearing Up Newspaper, Nov. 24, 2025. Allegations only; not yet adjudicated.

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Prepared as public-comment input and advocacy background. Analysis, not legal or financial advice.

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