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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Northwest and Intermountain Power Producers Association

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE NORTHWEST)
AND INTERMOUNTAIN POWER)
PRODUCERS COALITION'S PETITION)
TO OPEN A GENERIC INVESTIGATION)
REGARDING COMPETITIVE BIDDING)
REQUIREMENTS FOR NEW SUPPLY-)
SIDE RESOURCE ACQUISITIONS)

CASE NO. GNR-08-03
PETITION TO OPEN GENERIC
INVESTIGATION

COMES NOW, The Northwest and Intermountain Power Producers Coalition, hereinafter referred to as "NIPPC or your Petitioner," and pursuant to Rule 53 (IDAPA 31.01.01.53) of the Rules of Procedure of the Idaho Public Utilities Commission ("Commission") hereby petitions the Commission to open a generic investigation into the desirability of initiating competitive bidding guidelines for the procurement of supply-side resources by the electric utilities under its regulatory authority. NIPPC is joined in this Petition by the Industrial Customers of Idaho Power, the J. R. Simplot Company and the Idaho Irrigation Customers Association, Inc.

NIPPC is a coalition of independent power producers and allied companies whose mission is to promote a competitive wholesale electric supply marketplace in the Northwest and Intermountain West. The Industrial Customers of Idaho Power is an unincorporated association

of some of Idaho Power's largest customers who all take service under Rate Schedule 19. The Idaho Irrigation Pumpers Association is a non-profit organization committed to a reliable power supply at reasonable cost for Idaho's irrigators. The J. R. Simplot Company is one of Idaho's largest employers and one of Idaho Power's largest customers.

I. CURRENT STATUS OF COMPETITIVE BIDDING IN IDAHO

The Idaho Commission regulates three investor-owned utilities, Idaho Power Company (IPCo), Avista, and Rocky Mountain Power (RMP), herein referred to collectively as the "Utilities". All three Utilities are in various stages of resource acquisition and all three are provided guidance in their resource acquisition decisions through their individual resource acquisition blueprints called Integrated Resource Plans (IRPs). IRPs, while useful tools in analyzing resource options, are generally silent on the method by which any particular resource should be acquired. The IRP process simply does not provide the framework for oversight of the resource acquisition process.

Utilities in Idaho are free to offer supply-side resource acquisition requests for proposals (RFPs) that are designed and administered completely without Commission or other stakeholder input. Indeed, utilities in Idaho are even free to make supply side resource acquisition decisions without the benefit of a RFP. In the Pacific Northwest states of Washington and Oregon, these same utilities are required to make resource acquisitions through a Commission approved, and stakeholder involved, process. While the Commissions in Oregon and Washington seek to insure that resource acquisition decisions by Avista and PacifiCorp are made with their oversight and guidance and stakeholder participation, that process – and the benefits it delivers – does not currently apply to Idaho Power's supply side acquisitions.

II NARUC ENDORSES NATIONAL TREND TOWARD COMMISSION OVERSIGHT OF COMPETITIVE RESOURCE ACQUISITION ACTIVITIES

NIPPC makes its request of this Commission because Idaho is the only state in the Pacific Northwest that does not actively oversee or provide guidelines for the investor owned utilities it regulates that govern their acquisition of supply side resources. The adoption of guidelines and active oversight of supply side resource acquisition decisions is increasingly the norm. This July, the National Association of Regulatory Commissions issued a comprehensive report entitled “Competitive Procurement of Retail Electric Supply: Recent Trends in State Policies and Utility Practices.”¹ That report concludes:

Competitive procurements for retail electricity supply have been used for many years in different states. More than forty percent of the states now rely on formal policies and rules for procurements, while regulators in many other states encourage use of competitive procurements by utilities in determining which resources to add to their mix of retail supply. Where regulators have committed to relying upon competitive procurement approaches as a means to help identify the “best” resources needed to meet the needs of the utility’s customers, the process should be designed and implemented so that it reflects the following criteria (and is generally viewed as being consistent with them):

- fair and objective;
- designed to encourage robust competitive responses from market participants with creative responses from the market;
- based on evaluations that incorporate all appropriate and relevant price and non-price factors;
- efficient, with a timely selection process; and
- supported by regulatory actions that positively reinforce the commission’s commitment²

The Report is a blueprint on how to implement guidelines that are both fair and effective.

¹ <http://www.naruc.org/Publications/NARUC%20Competitive%20Procurement%20Final.pdf>

² Id. at page 57.

III NEED FOR ACTION

Several of NIPPC's members are actively participating in Idaho Power's current RFP for new resources; many others are not. All of these companies, whether they are participating or not, have expressed serious concern regarding the RFP's design, timing and intent. They have concluded that the just-closed RFP resembles other recent Idaho Power solicitations, i.e., it favors the utility's self-build option. The consequence of an under-subscribed RFP and/or one where the outcome is pre-ordained deprives the ratepayers of access to the competitive marketplace. It forecloses the opportunity of tapping into what may prove to be least cost – in economic and environmental terms – power generated by independent power producers (IPPs).

Competitively procured power purchase agreement (PPAs) can shift tangible and considerable risk from ratepayers onto IPPs. These risks span the range of development and operations and are equally applicable regardless of technology. IPPs' business model is based on competition and the principle of pay for performance; it leverages the profit motive to consumers' advantage. The independent power industry currently supplies approximately 40 percent of the nation's electricity and many companies, large and small, foreign and domestic, are active in the Pacific Northwest. Meanwhile, IPPs, who led the innovation of combined cycle combustion and of wind power turbine technologies is optimizing the operations of the diverse power plants the industry currently operates.

Regardless of the current 'need for action', the implementation of competitive procurement guidelines in Idaho is consistent with good regulatory practice. It is a practice that is endorsed by utility commissions across the country and is proven to produce the best results for the ratepayers while at the same time creating a fair and competitive market place for resource acquisition decisions.

IV
CONCLUSION

NIPPC and its partners herein respectfully request this Commission open a docket for the purpose of exploring whether competitive RFPs should be required of all three Utilities is reasonable. If the answer is in the affirmative, the docket should be used to explore reasonable parameters and rules governing the supply side acquisition process through competitive procurement.

Dated this 26th day of November 2008 and respectfully submitted by:

By 

Peter Richardson ISB # 3954

RICHARDSON & O'LEARY PLLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of November, 2008, a true and correct copy of the within and foregoing PETITION TO OPEN GENERIC INVESTIGATION was served in the manner shown to:

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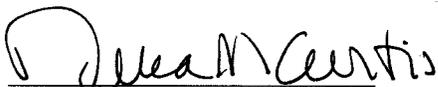
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