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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Dynamis Energy, LLC

BEFORE THE IDAHO PUBLIC UTILITES COMMISSION

IN THE MATTER OF THE JOINT) PETITION OF IDAHO POWER COMPANY,) AVISTA CORPORTION, AND ROCKY) MOUNTAIN POWER TO ADDRESS) AVOIDED COST ISSUES AND JOINT) MOTION TO ADJUST THE PUBLISHED) <u>AVOIDED COST RATE ELIGIBILITY CAP)</u>	Case No. GNR-E-10-04 COMMENTS IN OPPOSITION TO JOINT PETITION TO ADJUST PUBLISHED AVOIDED COST RATE ELIGIBILITY CAP FOR NON-WIND PROJECTS
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Pursuant to Order No. 32131 of the Idaho Public Utilities Commission (“Commission”), Dynamis Energy, LLC (“Dynamis”) files these Comments in Opposition to the Joint Petition of Idaho Power Company, Avista Corporation and PacifiCorp (PAC) dba Rocky Mountain Power (“RMP); collectively the “Joint Utilities”. For the reasons stated below, Dynamis requests that the Commission refuse to grant the Joint Utilities request for an Order adjusting the published avoided cost rate eligibility cap (“Cap”) for non-wind QFs from 10 MW to 100 kW.

BACKGROUND

Dynamis is an Eagle Idaho based company with proprietary waste-to-energy technology. Dynamis designs, builds and owns low emission Municipal Solid Waste to Energy (“MSW Energy”) generating facilities. In June, 2010 Ada County selected Dynamis to design, build and operate a MSW Energy facility to be located at the Hidden Hollow Landfill. Dynamis is also in

final negotiations with the Eastern Idaho Solid Waste District (“EISWD”) for deployment of a Dynamis designed and operated MSW Energy facility in Clark County, Idaho. Additionally, Dynamis is in discussions with Elmore County, Bannock County, and Kootenai County for deployment of Dynamis designed and operated MSW Energy facilities. The Hidden Hollow and the EISWD Dynamis MSW Energy facilities will provide employment for an estimated 270 people during construction and will require collectively 94 employees to operate and maintain the respective facilities.

Dynamis and Idaho Power have had preliminary discussions concerning the Hidden Hollow Landfill project at a size larger than 10 MW, while the EISWD is in negotiations with PAC/RMP for a project involving generation capacity less than 10 MW. Projects in Elmore and Bannock County (Idaho Power), and Kootenai County (Avista) will likely involve generation capacity less than 10 MW. Each Dynamis project has the ability to sell not only energy, but to also offer firm capacity in excess of 90 percent. A Dynamis MSW Energy facility is as dispatchable as any of the purchasing utility’s own generation plants not equipped with AGC (i.e., load following capabilities). A Dynamis MSW Energy facility can be scheduled by the purchasing utility on a day-ahead basis ranging from a low of 20 percent to high of 110 percent (for limited periods of time) of nameplate capacity, with a ramp rate of 1 MW every ten minutes.

**NON-WIND QUALIFYING FACILITIES SHOULD BE EXEMPT
FROM ANY REDUCTION IN THE 10 MW ELGIBILITY CAP**

The justifications provided by Idaho Power in support of its request that the published avoided cost rate eligibility cap (the “10 MW Cap”) be dropped from 10 aMW to 100 kw are: (i) Idaho Power has over 208 MW of wind generation on its system, 264 MW of additional QF wind generation under contract and 570 MW of proposed QF wind contracts, and (ii) Idaho Power could have over 1100 MW of wind power generation on its system in the near future, nearing or

exceeding minimum loads. PAC/RMP alleges that “the same situation [as Idaho Power’s] exists” but provides no comparable information or metrics as to how or why it is “similarly” impacted. PAC/RMP asserts that 64 MW of contracted-for Idaho QF wind power and 358 MW of potential Idaho wind QF contracts will cause a resource emergency on a system that peaks at slightly over 10,000 MW. Avista offers no quantitative support as to why it is experiencing a QF resource emergency justifying a drop of the Cap from 10 aMW to 100 kw.

A. *The Commission Should Distinguish Between Intermittent and Firm PURPA*

Resources in Evaluating Whether to Reduce the 10 MW Cap: Nowhere in the Joint Petition or in any supplemental information filed are there any allegations or evidence presented that non-Wind QFs, such as a Dynamis thermal based MSW Energy facility, are creating a resource management issue for the three petitioning utilities, either collectively or individually. However, in a prior case on this very topic, Case No. IPC-E-05-22, Idaho Power asserted that 640 MW of firm, dispatchable thermal resources would need to be added “in order to safely integrate 1,000 MW of intermittent wind generation.” *Order No. 29839, p. 5.* Dynamis has the ability to provide firm power from a certified renewable facility that offers capacity and energy and is schedulable and dispatchable; operating characteristics necessary for the integration of intermittent wind power. Development of baseload PURPA resources should be encouraged through the continuation of the 10 MW Cap, as this type of PURPA resource is not causing the alleged problem and if such problem exists, can be part of the solution.

B. *The Commission Should Distinguish Between Concentrated and Dispersed*

PURPA Fuel Sources in Evaluating Whether to Reduce the 10 MW Cap: The Joint Petition asserts that part of the current problem involves the ability of large wind farms to be broken down into multiple less than 10 aMW projects. This can occur because wind turbines rely on a

highly dispersed fuel source– the wind. For example, a 50 MW wind farm will involve dozens of turbines potentially spread over hundreds of acres; thus, giving the developer the opportunity to divide a single larger project into a number of smaller ones with roughly the same access to a homogenous fuel source. On the other hand, a MSW Energy production facility, by its very nature, needs to be located strategically near its aggregated fuel source – garbage. For a Dynamis MSW Energy facility to generate on average 14 MW over the course of one day, it needs to have access to approximately 250 to 300 tons of garbage per day. A community with enough solid waste to generate 50 MW of power would, in most cases, look to generate that amount of power with a single turbine on a 10 acre site located within a landfill that has enough available daily garbage to fuel the plant. It is not economical or even practical to instead permit, establish and operate five smaller and separate waste collection sites, purchase five 10 MW combustion turbines and pay for five sets of ancillary electrical facilities and interconnections. MSW Energy is highly sensitive to economies of scale. Nor would it be likely that a local community or a county would allow for the siting of five dispersed dumps or waste collection stations, when one would accomplish the same municipal purpose located an already existing landfill. Local communities would prefer to see a single MSW Energy facility located at an existing dump than at one or more new locations. By its nature, the solid waste that is the fuel for a MSW Energy facility is not easily divided, dispersed and relocated at multiple 10 aMW sites located one mile from another.

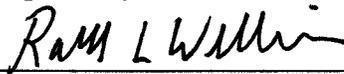
CONCLUSION

As noted above, there are a number of Idaho communities, besides Ada County, that are interested in Dynamis MSW Energy projects, for the primary reason that it helps them resolve landfill capacity issues. Many or most of these communities will be generating waste streams

that will support projects of a capacity size less than 10 aMW. These communities and their MSW Energy projects should continue to have the choice and ability to forgo the additional cost and delay associated with individually negotiating PURPA avoided cost rates and other contract terms and conditions. The 10 MW Cap and standard avoided cost rates should remain in place for non-wind PURPA facilities.

Dated this 22 day of December, 2010.

Respectfully submitted,



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CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 22 day of December, 2010, I caused to be served a true and correct copy of the foregoing document upon the following individuals in the manner indicated below:

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