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December 22, 2010

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

Re: Intermountain Wind LLC—GNR-E-10-04

Dear Ms. Jewell:

Enclosed for filing in the above matter, please find an original and seven copies of a Comments of Intermountain Wind LLC.

Kindly return a file stamped copy to me.

Very Truly Yours,
McDevitt & Miller LLP


Dean J. Miller

DJM/hh
Enclosures

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IDaho PUBLIC UTILITIES COMMISSION

ORIGINAL

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Attorney for Intermountain Wind LLC

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT
PETITION OF IDAHO POWER
COMPANY, AVISTA CORPORATION,
AND ROCKY MOUNTAIN POWER TO
ADDRESS AVOIDED COST ISSUES
AND JOINT MOTION TO ADJUST THE
PUBLISHED AVOIDED COST RATE
ELIGIBILITY CAP.

Case No. GNR-E-10-04

**COMMENTS OF INTERMOUNTAIN
WIND, LLC**

COMES NOW Intermountain Wind, LLC (Intermountain Wind) and submits the following Comments:

Background

On November 5, 2010, Idaho Power Company, Avista Corporation and Rocky Mountain Power (the Utility Companies) filed a *Joint Petition to Address Avoided Cost Issues and Joint Motion to Adjust the Published Avoided Cost Rate Eligibility Cap* (the Petition).

On December 3, 2010, the Commission issued Order No. 32131 which solicited written comments on the threshold issue of whether the eligibility cap for published

avoided cost should be reduced from 10 aMW to 100 kW. In the same Order the Commission granted Intermountain's then pending Petition to Intervene.

Intermountain Wind

Intermountain is a family limited liability company whose members are Stephen E. Martin and Paul S. Martin, of Idaho Falls Idaho (the Martins). Through separate entities, the Martins also own agricultural land in Bonneville County, Idaho. Commencing in approximately 2006, the Martins and related family members began work to develop a wind generation project upon their agricultural land and for that purpose created an entity known as Black Canyon LLC, which is a Self Certified Qualifying Facility. Intermountain intends to develop a single 10 aMW project.

Since 2006, Intermountain has made substantial progress toward development of the Black Canyon Project. Wind data has been collected onsite since summer 2007. Bonneville County has approved the project and an Interconnection Agreement has been executed with PacifiCorp Transmission Services. Numerous environmental, wind resource and engineering studies have been performed. Intermountain has been working with PacifiCorp regarding a PPA for several years but has not moved forward with execution until financing was secured. This was due to the significant security deposits that PacifiCorp required in order to move forward, inherently discouraging small developers such as Intermountain while making PURPA contracts only available to large, well funded corporations. Just as Intermountain was succeeding in securing the financing to move forward with these deposits, this Joint Petition was filed, threatening the projects ability to move forward. Intermountain has progressed diligently in an effort to conform to the process as a small developer but is finding that hurdles are continually established.

Argument

Any Suspension of the Utilities' Obligation to Purchase Should be Narrowly Drawn

The Joint Petition requests a blanket reduction of published rate for all PURPA projects—regardless of size or motive force—from 10 aMW to 100 kW.

As discussed below, the scope of the proposed remedy is broader than any significant problem identified in the Joint Petition and would harm projects that are not part of the identified problem.

The Joint Petition identifies a number of issues that the Utility Companies believe warrant further examination by the Commission¹. In Intermountain's view, these issues are legitimate topics for discussion, but none of them are of such an urgent nature that PURPA implementation should be halted while they are discussed, as would be the effect of lowering the eligibility cap as requested by the Joint Petition. These are all issues that have been the subject of ongoing discussion between developers and utilities, either in individual contract negotiations or other forums. They can continue to be discussed, without the necessity of an eligibility reduction. They are traditional PURPA implementation issues.

The problem that is new and that is driving force behind the Joint Petition is the application of PURPA to large scale commercial projects. As the Joint Petition recites:

“A significant observation that was discussed at the November 3 workshop is the increased size and scale of projects that are able to qualify for the published rate currently. Many of the current QF projects in actuality are not "small" projects but are large, utility-scale wind farms that are broken up into 10 aMW increments in order to qualify for the published rates. For Idaho Power and RMP, it is commonplace for the nameplate rating of these projects to be in the range of 20 to

¹ These include, valuation of RECs, lack of capacity associated with intermittent resources, transmission constraints, mechanical availability guarantee and liquidated damages. *Joint Petition at pgs 4–5.*

30 MWs, the same developer to submit an aggregation of six or more "projects" totaling 100 to 150 MW of nameplate rating, and the multiple projects to all share interconnection facilities to one common utility delivery point. The historical "unsophisticated" QF project developers with a 0.5 MW or a 1.5 MW small hydro canal project—while still in existence—are no longer the norm and QF projects, for the most part, have evolved to the point where they are sophisticated parties who are very knowledgeable within this field. In many cases, they may have large resources available to them, and in some cases are larger entities than even the utilities themselves.”

Intermountain does not fit within the Utility Companies’ description of the problem from which they seek relief. Intermountain seeks to develop only one project relevant to this proceeding; it does not seek to aggregate multiple projects. Regardless of how “utility- scale wind farm” is defined, Intermountain could not conceivably come within that definition. Intermountain is a family operation, intending to improve the value of lands it owns, not a sophisticated party with large resources available to it. Whether PURPA published rates should be available to commercial scale projects may be fairly debatable. Whether those rates should be available to parties such as Intermountain is not.

An additional reason that supports a narrowly drawn eligibility reduction is that the reduction, once instituted, will likely be in effect for a long time. As the Commission recalls, in the last instance the eligibility cap was reduced, the Utility Companies predicted a nine month period in which issues could be examined. The *de facto* moratorium stretched on for almost two years. *Petition of Idaho Power Company for an Order Temporarily Suspending Idaho Power’s PURPA Obligation*, Case No. IPC-E-05-22.

An eligibility reduction that is too broadly drawn contributes to an undesirable “bust and boom” pattern of renewable energy development in Idaho. If too broadly

drawn, the eligibility reduction completely prevents development, resulting in pent up demand. Then, when the reduction is finally lifted, developers who had been waiting for the opportunity to develop projects rush forward, creating the apparent need for yet another eligibility reduction.

Conclusion

An overly broad eligibility reduction would harm projects that are legitimately entitled to access to PURPA published avoided cost rates and would adversely affect the development of renewable energy in Idaho. If the Commission is of the opinion that the question of whether commercial size projects should have access to published rates is of sufficient importance as to warrant a suspension while the question is examined, a reduction in eligibility should be narrowly drawn so as to affect only projects of that nature.

DATED this 22 day of December, 2010.

INTERMOUNTAIN WIND LLC

By: 

Dean J. Miller

Attorney for Intermountain Wind LLC

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of December, 2010, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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BY: Heather Bouk, legal sec.
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