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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
COMMISSION'S) **CASE NO. GNR-E-11-01**
INVESTIGATION INTO)
DISAGGREGATION AND AN) **Direct Testimony of Bruce W. Griswold**
APPROPRIATE PUBLISHED)
AVOIDED COST RATE ELIGIBILITY)
CAP STRUCTURE FOR PURPA)
QUALIFYING FACILITIES)

ROCKY MOUNTAIN POWER

CASE NO. GNR-E-11-01

March 2011

1 Q. Please state your name, business address and position with PacifiCorp dba
2 Rocky Mountain Power (the Company).

3 A. My name is Bruce W. Griswold. My business address is 825 NE Multnomah,
4 Suite 600, Portland, Oregon. I am the Director, Short-term Origination and QF
5 Contracts at PacifiCorp Energy, which is responsible for the Company's electric
6 generation and energy trading functions.

7 **Qualifications**

8 Q. Please briefly describe your education and business experience.

9 A. I have a B.S. and M.S. degree in Agricultural Engineering from Montana State
10 and Oregon State, respectively. I have been employed with PacifiCorp over 25
11 years in various positions of responsibility in retail energy services, engineering,
12 marketing and wholesale energy services. I have also worked in private industry
13 and with an environmental firm as a project engineer. I currently work in
14 Commercial and Trading at PacifiCorp Energy. My responsibilities include
15 negotiation and management of wholesale power supply and resource acquisition
16 agreements as well as direct responsibility for all Company Qualifying Facility
17 ("QF") power purchase agreements. I have represented the Company in multiple
18 PURPA related proceedings across our six-state jurisdictions, including providing
19 testimony as well as participating as an expert witness.

20 **Purpose and Summary of Testimony**

21 Q. What is the purpose of your testimony?

22 A. My testimony will:

23 • explain why the surest method of controlling disaggregation of wind QF

1 projects is for the Idaho Public Utilities Commission (the "Commission") to
2 continue the present stay on size eligibility threshold at 100 kW for wind and
3 solar QFs seeking Idaho published avoided cost prices;

- 4 • explain the rationale behind keeping the 100 kW eligibility threshold in place,
5 and why other methods to limit disaggregation are not as effective as the 100
6 kW cap;
- 7 • explain the rationale for basing a size limit on nameplate capacity rather than
8 on monthly average generation;
- 9 • provide examples of disaggregation limits used in other states;
- 10 • provide documentation of the current volume of wind QF projects proposed to
11 Rocky Mountain Power (RMP) and the potential impact on the Company's
12 customers; and
- 13 • submit a set of rules that the Company believes could be employed should the
14 Commission seek to reinstate a higher eligibility threshold but restrict
15 disaggregation.

16 **Q. Please provide the background for your testimony.**

17 A. In Order No. 32176 issued in Case No. GNR-E-10-04 on February 7, 2011, the
18 Commission temporarily set the size eligibility threshold for published avoided
19 cost rates for wind and solar qualifying facilities at 100 kW. The Commission
20 also established Case No. GNR-E-11-01 (the second phase of Case No. GNR-E-
21 10-04) to set up an investigation and solicitation of information whereby the end
22 result would allow wind and solar QFs that met the 10 aMW threshold limit and
23 specific project criteria to obtain a published avoided cost rate without allowing

1 large wind or solar projects to break up into multiple smaller QF projects and
2 obtain a rate that is not an accurate reflection of a utility's avoided cost for such
3 large projects. Specifically, the Commission sought "information and
4 investigation of a published avoided cost rate eligibility cap structure that. (1)
5 allows small wind and solar QFs to avail themselves of published rates for
6 projects producing 10 aMW or less; and (2) prevents large QFs from
7 disaggregating in order to obtain a published avoided cost rate that exceeds a
8 utility's avoided cost."¹

9 **Q. Please summarize your testimony.**

10 A. Rocky Mountain Power has experienced a sharp increase in the number and
11 magnitude of QF projects seeking published rate contracts with the Company in
12 Idaho recently. Most of the recent activity has come from large wind projects that
13 are disaggregating into two or more smaller projects in order to satisfy the 10
14 aMW size eligibility threshold, although disaggregation may occur in other
15 resource types of QF projects, as well. The current Idaho published rates are
16 significantly higher than pricing from alternative offers which Rocky Mountain
17 Power receives; whether through its competitive request for proposal ("RFP")
18 process or through the Commission-ordered Integrated Resource Plan ("IRP")
19 methodology that the Company utilizes to price QF projects over 10 aMW in
20 Idaho. The 10 aMW eligibility threshold allows a wind QF project with a
21 nameplate capacity range of up to 30 MW to qualify for published rates. The
22 resulting costs to the Company and customers to integrate the intermittent

¹ Order No. 32176 page 11.

1 resource are significant and need to be revisited. Left unchanged, the
2 Commission's current rules and methodologies implementing PURPA are likely
3 to have a long-term, significant impact on the Company's power supply costs and
4 its customers' rates. Rocky Mountain Power, Idaho Power Company, and Avista
5 have asked the Commission to reassess the rules, in GNR-E-10-04. While there
6 are proposed criteria to limit the disaggregation of large wind and solar projects, it
7 is clear from the Company's experience in other states such an approach is less
8 reliable compared to implementing a permanent lower size threshold for these
9 types of resources. Therefore the Commission should make permanent the size
10 eligibility threshold of wind and solar QFs seeking Idaho published avoided cost
11 prices at 100 kW as the surest method of controlling disaggregation. Should the
12 Commission seek to reinstate a higher eligibility threshold but restrict
13 disaggregation, the Commission should retain discretion to deny eligibility for
14 published rates in the event a large QF finds a way to meet the eligibility criteria
15 but is found by the Commission to be a large QF on other grounds.

16 **Disaggregation**

17 **Q. What is disaggregation?**

18 A. Disaggregation is defined by BusinessDictionary.com as "Breaking up of a total
19 (aggregate), integrated whole, or a conglomerate, into smaller elements, parts, or
20 units, usually for easier handling or management."

21 **Q. Why is disaggregation an issue in Idaho?**

22 A. In 2009, the Company began receiving requests from developers for multiple
23 published avoided cost PURPA contracts. Rocky Mountain Power realized that

1 this same phenomenon also was occurring with the other Idaho investor-owned
2 utilities. Each utility was receiving requests for multiple published rate power
3 purchase agreements where these proposed PURPA projects were owned and
4 controlled by the same entity, share interconnection facilities, engineering
5 procurement contracts, wind leases, and other common features. Under the
6 dictionary definition for disaggregation above, you would believe that a developer
7 seeking a PURPA contract, as long as that project met Federal Energy Regulatory
8 Commission's (FERC) 80 MW rule² for a small power producer, would seek a
9 single contract or seek to limit the number of contracts in order to minimize the
10 legal and administrative costs of securing a contract(s). A developer who is
11 disaggregating a large project and seeking multiple contracts will incur
12 incremental costs as well as time for additional legal review, meeting additional
13 permit and regulatory requirements, and project administration. Having multiple
14 power contracts as opposed to a single contract for the larger single aggregate
15 project *increases* the cost of project development, *increases* the handling, and
16 *increases* the overall management of the projects for the QF developer.

17 **Q. Is this an issue that is limited to wind Qualifying Facilities in Idaho?**

18 A. No. In the current Idaho Legislature there is a proposed bill, House Bill No. 265³,
19 under consideration which proposes to implement a moratorium on *all* wind farms
20 and wind turbines in excess of 100 feet in height and 100 kilowatts. This
21 moratorium is proposed to be implemented immediately and enforced until July 1,

² 18 C.F.R. § 292.204(a).

³ HB 265 (<http://legislature.idaho.gov/legislation/2011/H0265.htm>).

1 2013. The moratorium is proposed to allow time for a report and
2 recommendations to be completed by various Idaho stakeholders that will address
3 some fundamental questions on the need for more intermittent wind power, the
4 impact to wildlife, the effect on the utilities, and the costs being passed on to
5 ratepayers for the addition of new wind farms. These recommendations would be
6 considered as possible amendments to the 2007 Idaho Energy Plan. If, in fact, the
7 Idaho Legislature is considered such a moratorium statewide then this proceeding
8 and the decisions facing the Commission regarding the eligibility cap threshold
9 and disaggregation have become even more important and timely.

10 **Q. Why would a QF developer disaggregate a large project into multiple smaller**
11 **projects increasing the cost of the project?**

12 A. It is clear to the Company that the driver for disaggregation is the Idaho published
13 avoided cost rate. Developers are willing and able to disaggregate large projects
14 into separate smaller projects to meet the 10 aMW size threshold in order to
15 qualify for published avoided cost prices ordered by the Commission. Those rates
16 do not accurately approximate the avoided cost of a large project because they do
17 not take into account the specific characteristics of the project. The Company's
18 IRP methodology, on the other hand, addresses the specific operating
19 characteristics of the QF as part of the Company's resource portfolio. This results
20 in avoided cost prices that are tied to that specific resource and generally, at a
21 lower cost than the generic SAR-derived avoided cost prices.

22 **Q. Can you cite specific examples of project disaggregation?**

23 A. Yes. On August 18, 2010, Rocky Mountain Power executed identical power

1 purchase agreements ("PPAs") with Power County Wind Park North, LLC, and
2 Power County Wind Park South, LLC. These two contracts were approved by the
3 Commission on October 6, 2010 with a target on-line date of December 31, 2011.
4 Both projects are owned and controlled by the same entity, share common
5 interconnection facilities, engineering procurement contracts, wind leases, and
6 other common features. Each has a nameplate capacity of 21.78 MW and a peak
7 monthly average generation of less than 10 aMW. Prior to applying for the two
8 QF contracts with published avoided cost prices, the developer bid a single
9 100MW wind project into a PacifiCorp Request For Proposal (RFP). When the
10 project was not selected through the RFP process because it was not competitive
11 to the alternatives, the developer held discussions with PacifiCorp regarding the
12 sale of the aggregate wind farm site.

13 **Q. Are there any other examples of project disaggregation?**

14 **A.** Yes. On December 20, 2010, Rocky Mountain Power executed five identical
15 published avoided cost price PPAs with Cedar Creek Wind, LLC (Cedar Creek).
16 The five QF projects are owned and controlled by the same entity, share
17 interconnection facilities under the original single large project's interconnection
18 agreement, engineering procurement contracts, wind leases, and other common
19 features. The five projects complied with all federal regulations including the 1-
20 mile separation requirement, and met all Idaho rules and Commission Orders.
21 Each has a nameplate capacity of 25 MW or above, and a peak monthly average
22 generation of just below 10 aMW.

1 Prior to applying for a QF contract with published prices, Cedar Creek
2 submitted a bid into the Company's 2009 renewable RFP as a single 151 MW
3 project but their bid was not selected by the Company because their proposed
4 price was too high and not competitive with the alternatives. In March 2010, the
5 developer requested QF pricing for two 78 MW projects. The projects' avoided
6 cost prices were determined using the Commission-ordered IRP methodology for
7 Idaho QFs over 10 aMW. The Company prepared and delivered a term sheet
8 containing a twenty-year stream of avoided cost prices. On a twenty-year nominal
9 levelized payment basis the resultant avoided cost price was \$56.06 per MWh
10 assuming a start date in 2012. The avoided cost prices were rejected by the
11 developer due to the price being too low.

12 In May 2010, the developer resubmitted five distinct projects totaling 133
13 MW and requested the published avoided cost prices. Cedar Creek is a large-
14 scale, sophisticated developer with legal and technical assets who disaggregated a
15 single large project that was not selected through the Company's competitive bid
16 process into multiple projects in order to meet the 10 aMW threshold and qualify
17 for much higher published avoided cost contracts.

18 Because the Company and Cedar Creek reached agreement on all terms of
19 their power purchase agreements including the avoided cost price prior to
20 December 14, 2010, (the effective date of Commission Order No. 32131) Rocky
21 Mountain Power executed final power purchase agreements and, on January 10,
22 2010, filed them with the Commission. These contracts are currently before the
23 Commission for review and decision. On a comparative basis, the 20-year

1 nominal levelized published avoided cost price was \$79.21 per MWh (after
2 subtracting the \$6.50 per MWh wind integration cost), only slightly lower than
3 their original bid into the Company's RFP. Allowing disaggregation of the single
4 133 MW aggregate project into these five projects resulted in an overpayment of
5 \$23.16 per MWh when compared to the appropriate IRP-based avoided cost rate
6 as a single project.

7 **Q. Can you cite a non-wind example of project disaggregation?**

8 A. Yes. Eastern Idaho Regional Solid Waste District (EIRSWD), a proposed QF
9 using solid waste for fuel, initially requested a PURPA contract for a project that
10 exceeded 10 aMW and then later revised its request to be a published price QF
11 project. EIRSWD's initial project was sized to accommodate the municipal solid
12 waste from the region that it serves. Rocky Mountain Power modeled the project
13 using its IRP methodology based on the project characteristics and delivered
14 avoided cost pricing to EIRSWD in September 2010. On a twenty-year nominal
15 levelized payment basis the IRP methodology avoided cost price was \$65.38 per
16 MWh assuming a start date in 2012. EIRSWD rejected those prices as being too
17 low in October 2010 and resized the project to meet the published rate threshold
18 while discussing the option of constructing a second non-QF project located
19 adjacent to the QF to accommodate the same volume of fuel that the original 17.6
20 MW project was designed for. On a comparative basis, the twenty-year nominal
21 levelized published avoided cost price was \$85.71 per MWh.

1 Q. Are there off-system disaggregated QF projects in the queue for published
2 avoided cost price contracts?

3 A. Yes. Several of the pending requests for published price contracts are from QFs
4 that plan to wheel their output to Rocky Mountain Power via another utility's
5 system. Some of these projects appear to be a single project, disaggregated into
6 multiple projects, interconnected through a common interconnection to the
7 transmission provider, to be delivered via a common transmission service
8 agreement to the Company's electric system.

9 Q. Has the Company executed any contracts with QF projects who have
10 requested pricing under the IRP methodology in Idaho?

11 A. Not as of this proceeding; however one off-system wind QF has recently accepted
12 the proposed IRP methodology pricing and is in the contract negotiation process
13 with the Company, having been provided a draft power purchase agreement for
14 review. Until this recent QF activity with the large wind projects, the Company
15 had no requests for avoided cost pricing under its IRP methodology. Prior QF
16 project requests to the Company consisted of small hydro and bio-gas projects at
17 dairy farms, all less than 10 aMW. Since 2010, the Company has received four
18 requests for IRP methodology pricing and has responded with pricing. As I noted
19 above, one wind QF project has requested IRP methodology pricing and has been
20 provided a draft contract for review.

1 **Other Impacts of Disaggregation**

2 **Q. Does disaggregation cause other issues besides increased cost to the**
3 **customers?**

4 A. Yes. Large volumes of generation, particularly intermittent wind generation, may
5 cause system reliability issues during periods of minimum utility loads. The
6 Company believes that the ability for large single wind projects to disaggregate
7 into smaller projects and qualify for published avoided cost rates provides these
8 large wind projects the pathway to still be built when they otherwise might not be
9 built on the same physical scale.

10 **Q. Can you explain what “minimum load issues” means to you?**

11 A. In cases where a generation resource delivers power to Rocky Mountain Power’s
12 system that exceeds the customer load in that area, the Company must move the
13 excess generation elsewhere. This is primarily expected to be the case in the off-
14 peak time period when customer loads are normally lower and cannot absorb the
15 operating generation. During minimum load conditions, Rocky Mountain Power
16 must either back down its own resources, move the generation elsewhere (if
17 feasible), or curtail the generator. While the Company recognizes that locational
18 transmission constraints and the need for transmission upgrades should not
19 prevent project development, any incremental cost resulting from the constraint or
20 upgrade should be borne by the developer and not customers. Analysis of
21 transmission system constraints and the cost of options for dealing with those
22 constraints should be incorporated into the QF pricing and contract process so that
23 appropriate adjustments can be made. Under the SAR methodology, there is no

1 ability of the utility to reflect transmission constraints or the incremental cost to
2 move power out of one load area to another. Using the IRP methodology, the
3 Company can model this impact over the term of the agreement.

4 **Q. Does recent QF development impact the cost of wind integration?**

5 A. Yes. Historically the generation threshold for published avoided cost rates had
6 been much lower than the 10 aMW in Idaho, and the costs associated with
7 capacity contribution and integration for an intermittent resource had been
8 deemed to have minimal impact on the Company's electric system. With current
9 thresholds in Idaho at 10 aMW (which equates to a wind QF project in the
10 nameplate capacity range of up to 30 MW), the costs to the Company and
11 therefore to its customers to integrate these large intermittent resources are
12 significant and need to be revisited in the determination of avoided costs. As
13 Rocky Mountain Power is required to purchase more QF generation the
14 incremental cost to integrate such a high volume of intermittent resources
15 increases because the Company has to hold additional reserves, provide additional
16 load-following, curtail its own generation, or move the QF generation elsewhere
17 on the system.

18 **Q. Are minimum load issues unique to QF resources?**

19 A. No. However in the case of other purchases, minimum load issues affect the price
20 Rocky Mountain Power pays for energy. In the case of QFs under 10 aMW,
21 currently Rocky Mountain Power must pay the published price even if a seller's
22 generation exceeds load in the area and must be delivered to another place on
23 Rocky Mountain Power's system.

1 Q. **Is integration unique to disaggregated QF projects?**

2 A. No. However the minimum load issues could be more significant if disaggregated
3 QF projects are completed because of their combined size. When the
4 Commission adopted published prices for QFs under 10 aMW, nobody assumed
5 that the majority of resulting development (in terms of total installed capacity)
6 would come from projects much larger than 10 aMW, disaggregated into 10 aMW
7 sub-projects.

8 **Impact of Disaggregation on Customers**

9 Q. **How many MW of QF published avoided cost contract requests does Rocky
10 Mountain Power currently have pending?**

11 A. The Company submits **Exhibit 201**, attached hereto, which documents its pending
12 wind QF requests. As of March 22, 2011, there were 10 wind projects totaling
13 229 MW requesting Idaho published avoided cost QF PPAs that are in various
14 stages including contract preparation and due diligence but have not been
15 executed by the Company. In addition, five published rate contracts totaling 133
16 MW have been submitted to the Commission for review and a decision on their
17 published avoided cost contracts. The Company has one project of 78 MW that
18 has requested pricing under the IRP methodology and two Commission-approved
19 but not operational wind QF projects totaling 43.6 MW. In all there is a total of
20 483 MW of proposed, executed or Commission-approved wind QF contracts in
21 Idaho. None of the executed or Commission approved QF projects are
22 operational as of March 22, 2011. If all of these wind projects were developed
23 and came on-line, the 483 MW would typically exceed the Company's load in

1 Idaho eight or nine months of the year, making it necessary for the Company to
2 wheel the excess to other load outside of Idaho.

3 **Q. Would purchase of all 229 MW of pending requests at the published Idaho**
4 **QF price tend to increase Rocky Mountain Power's system power purchase**
5 **costs?**

6 A. Yes. The majority of these pending requests are large wind projects that have
7 been disaggregated into smaller wind QF projects of less than 10 aMW. I
8 compared their contract volume (assuming typical capacity factors) multiplied by
9 avoided cost prices to an equivalent volume of new QF capacity multiplied by an
10 estimate of avoided cost prices Rocky Mountain Power would have paid under its
11 IRP methodology for QFs over 10 aMW. I estimate that the additional cost of 229
12 MW of published price QF contracts would exceed the IRP cost to customers by
13 \$12 million annually.

14 **Q. Do you believe that lowering the eligibility threshold for published prices**
15 **from 10 aMW down to 100 kW on a permanent basis would stop developers**
16 **from disaggregating their large projects into smaller ones?**

17 A. Yes. Keeping the published avoided cost eligibility cap at 100 kW would
18 eliminate disaggregation by large wind project developers.

19 **Q. Does keeping the eligibility cap at 100 kW eliminate the Company's PURPA**
20 **obligation to purchase from a QF?**

21 A. No. The Company would continue to meet its PURPA obligation by providing
22 SAR methodology published rates for QF projects 100 kW or less and IRP
23 methodology avoided cost rates for larger projects.

1 Q. Does a lower eligibility cap for published or standard avoided cost rates deter
2 wind development?

3 A. No. In fact, one has only to look at the Company's other jurisdictions to see that a
4 lower eligibility threshold for published avoided cost projects and the use of an
5 IRP methodology for larger projects is appropriate and does work. Wyoming, for
6 example, has been a hot bed for wind development in recent years. The Company
7 has acquired wind resources in that state including company-owned assets, power
8 purchase agreements, and QF purchases. In Wyoming, the Company has a
9 published avoided cost tariff, Schedule 37, *Avoided Cost Purchases from*
10 *Qualifying Facilities*⁴. QF projects qualify for the standard avoided costs if they
11 are 1 MW or less and have a capacity factor of seventy percent or less. A wind
12 project is below this seventy percent capacity factor threshold so QF wind
13 projects in Wyoming have to be below 1 MW to receive standard avoided cost or
14 be priced through the Company's non-standard avoided cost methodology – an
15 IRP methodology.

16 Q. What has been the QF development in Wyoming?

17 A. To date, the Company has executed 5 PURPA contracts totaling 256.2 MW, the
18 average size of the projects was 51.4 MW, with three of the projects currently
19 operating. The five projects all were evaluated as QFs based on their project
20 specific characteristics. All were significantly below the Idaho published avoided
21 cost rates and the project renewable energy credits ("RECs") were included in the
22 purchase price.

⁴ Insert copy of Wyoming Schedule 37.

1 Q. **What about small wind QFs in Wyoming that qualify for standard avoided**
2 **cost rates?**

3 A. The Company has also received requests for wind projects less than a megawatt
4 and is in the process of finalizing a wind QF project for 125 kW.

5 Q. **Do you believe that lowering the eligibility threshold for published prices**
6 **from 10 aMW down to a lower cap based on average monthly production**
7 **(rather than nameplate capacity) would, by itself, stop developers from**
8 **disaggregating their large projects?**

9 A. No. It is clear that the monthly production threshold that only Idaho uses is an
10 ineffective method to control disaggregation. Let's say the threshold is set at
11 5 aMW. What stops wind developers from dividing their 10 aMW projects into
12 two 5 aMW projects? They could still share all the common attributes that they
13 need for 10 aMW and only have to incur some additional project costs to split into
14 5 aMW. A 5 aMW project is still a 15 MW nameplate wind project assuming a
15 30 percent capacity factor. It will be shown later in my testimony that even with
16 the equivalent of a 10 MW nameplate capacity threshold, disaggregation can
17 occur. If the published avoided costs are in the \$80 per MWh range compared to
18 an IRP rate in the \$60 per MWh range, there is significant economic room to
19 cover the project costs to disaggregate.

20 Q. **What if the eligibility threshold was based on nameplate capacity?**

21 A. This would be a step in the right direction but still subject to the QF manipulating
22 the rules to disaggregate a large single project as I will discuss an actual example
23 later in my testimony. Using nameplate capacity as the threshold goes a long way

1 towards neutralizing the impact of low capacity factor and intermittency of wind
2 projects. None of the Company's other jurisdictions use QF monthly production
3 for their threshold on published or standard rates, they all use nameplate capacity
4 ranging from 1 MW to 10 MW. When you compare a 10 MW nameplate QF
5 project you are looking at 3 aMW wind project versus a 10 aMW QF project in
6 Idaho. Using an eligibility threshold of 10 MW nameplate capacity would
7 encompass 84 percent of the Company's existing QF projects. Set the threshold
8 to 5 MW nameplate capacity and you still cover all of the Company's Idaho QFs
9 with the exception of one 6.0 MW hydro and the seven recently executed wind
10 QF contracts. Expand that to the Company's other jurisdictions, and a 5 MW
11 nameplate capacity limit captures 67 percent of all the QFs the Company has
12 contracts with regardless of resource type. PURPA was designed to assist and
13 support the small community-based independent power producer and for 67
14 percent of our QF contracts, a realistic eligibility threshold based on nameplate
15 capacity works. In Idaho, the unrestricted 10 aMW threshold is allowing large
16 wind QF projects access to published avoided cost rates.

17 **Multiple QF Project Eligibility**

18 **Q. Does the Company have a position regarding the eligibility criteria for**
19 **published avoided cost prices and contract terms that should be used when**
20 **multiple QF projects are developed by a single entity or similar ownership**
21 **structure?**

22 **A. Yes.** While the Company believes that the surest method of restricting
23 disaggregation is to maintain the existing 100 kW size threshold, the Company

1 also understands that the Commission may be seeking criteria that could be
2 applied to a developer seeking to disaggregate a large project. While PURPA
3 provides the overlying criteria that apply to whether the QF project qualifies as a
4 single project or multiple QF projects, it does not provide the criteria at a
5 sufficient granular level related to state standard price and contract offers. Rather,
6 it leaves that control to the state.

7 **Q. Does the Company have experience with multiple QF project eligibility in its**
8 **other jurisdictions?**

9 A. Yes. The Company participated in an Oregon QF docket, UM 1129, which
10 resulted in a Partial Stipulation in 2006. I have attached it hereto as **Exhibit 202**.
11 In Order No. 06-538, the Oregon Commission adopted clarifying language for
12 determining when generating facilities located near each other and using the same
13 motive force should be deemed a single facility, for purposes of determining the
14 Facility Capacity Rating which establishes the size threshold for eligibility for
15 Oregon Schedule 37 standard avoided cost prices and contract ("Partial
16 Stipulation"). The purpose of the Partial Stipulation was to develop a mechanism
17 that would allow independent family or community-based QF projects the ability
18 to share common infrastructure and have common passive investors without
19 violating PURPA or state regulations. After the Partial Stipulation was approved
20 by the Oregon Commission, the Company received a multiple QF project request
21 for nine QF contracts ranging in size from 1.65 MW to 10 MW, totaling 64.5
22 MW. The projects clearly were a disaggregation of a large single wind project.
23 Under the Partial Stipulation Eligibility Test, projects located at the same site

1 using the same motive force are ineligible for the Oregon Schedule 37 if they are
2 owned or controlled by the same or affiliated person(s). In this case, there was a
3 single common owner who owned at least 99 percent of each of the nine projects,
4 thus initially disqualify a number of the projects. However, the Partial Stipulation
5 also provides an exception whereby the projects may still be eligible even if they
6 are owned by the same person. That exception provides:

7 “two facilities will not be held to be owned or controlled by the same person(s) or
8 affiliated person(s) if such common person or persons is a ‘passive investor’
9 whose ownership interest in the QF is primarily related to utilizing production tax
10 credits, green tag values and MACRS depreciation as the primary ownership
11 benefit.” (“passive investor exception”).

12 After significant due diligence by the Company and a review of the
13 projects ownership structure with the Oregon Commission staff, the Oregon
14 Department of Energy, it was agreed that a single majority owner for the nine
15 projects met the passive investor exception and therefore was eligible under the
16 Partial Stipulation for Oregon Schedule 37.

17 **Q. Do you believe the Oregon Partial Stipulation provided a successful**
18 **mechanism to limit disaggregation?**

19 A. No. While the Partial Stipulation provided specific eligibility criteria, those
20 criteria, as it turned out, did not prevent a large (64.5 MW) project from devising
21 an ownership structure that enabled it to meet the eligibility criteria and therefore
22 receive published rates. As a result, nine small projects were built by a large
23 sophisticated developer who received Oregon standard avoided cost prices which
24 were higher than the prices they would have otherwise received as a single large
25 QF project. Those nine projects are operated by a single developer and deliver

1 power to the Company as a single large project. The projects retained the
2 renewable energy credits, and the individual projects secured the maximum
3 Oregon Business Energy Tax Credits (BETC).

4 **Q. What did the Company and its customers receive in this case?**

5 A. The Company paid rates above its avoided cost for a large non-standard wind QF
6 and also must absorb the cost of wind integration which is not part of Oregon
7 Schedule 37 avoided cost prices.

8 **Q. Would the Company support a similar disaggregation mechanism in Idaho?**

9 A. Maybe, but clearly not as it is written in Oregon. As can be seen from the nine
10 project example above, the Partial Stipulation was effectively manipulated by the
11 developer to secure the higher avoided cost prices as well as more lenient
12 standard contract terms.

13 **Q. Does the Company have a suggested set of rules to limit disaggregation?**

14 A. Yes. The rules are modeled after a Minnesota Statute 216F.011, adopted in
15 2007.⁵ This statute, while not specifically used in Minnesota for QF projects,
16 establishes a set of rules for size determination when determining permitting
17 requirements for wind projects. From discussions with experts on the statute, the
18 Company learned that it was enacted to restrict disaggregation of wind projects,
19 and therefore may have application in this proceeding.

20 **Q. Please explain the Company's proposed set of rules.**

21 A. The Company submits **Exhibit 203** which outlines a set of rules based on the
22 Minnesota statute that the Company believes would restrict disaggregation as well

⁵ Minn. Stat. § 216F.011 (2010) (available at <https://www.revisor.mn.gov/statutes/?id=216F.011>).

1 as the application forms that the wind or solar QF would submit to the utility
2 regarding their projects. The rules are not based on any specific megawatt size
3 limit but rather are structured to be used with any size limit adopted by the
4 Commission. The rules consist of three simple triggers to determine the total size
5 of a QF system for the purpose of determining whether a QF is eligible for
6 published avoided cost prices. The nameplate capacity of one QF system must be
7 combined with the nameplate capacity of any other QF system that:

8 (1) is located within five miles of the QF system;

9 (2) is constructed within 24-months of the QF system; and

10 (3) exhibits characteristics of being a single development, including, but
11 not limited to, ownership structure, an umbrella sales arrangement, shared
12 interconnection, revenue sharing arrangements, and common debt or equity
13 financing.

14 **Q. How would the Company manage the disaggregation rules?**

15 A. If the rules are adopted, the Company would be responsible for determining
16 whether the resource meets the disaggregation rules. It is proposed that the utility
17 would provide forms for the QF project developers to complete a request for a
18 disaggregation determination. Upon submittal of completed application forms by
19 the QF project developer, the utility shall provide a written disaggregation
20 determination within 30 days of receipt of the request subject to validation of any
21 information requested by the utility. In the case of a dispute, the QF project
22 developer can request the Commission to review and make a final disaggregation
23 determination. Under these rules, the QF must have a final disaggregation

1 determination completed prior to the power purchase agreement for published
2 avoided cost prices being prepared. This process simply becomes part of the early
3 due diligence being completed by the utility when a QF project request is made.

4 **Q. Are there other steps you would recommend?**

5 A. Yes. I would recommend that the QF be required to warrant that it meets the size
6 eligibility threshold at the time the contract is executed. I also recommend that it
7 warrant that it will not make any changes in ownership, control, or management
8 during the term of the contract that would cause it not to be in compliance with
9 the size eligibility threshold. Both warranties cause the lender to a project to take
10 an active interest in whether the developer has complied with the requirements for
11 eligibility for published rates and, therefore, will tend to reduce the likelihood of a
12 developer gaming the size eligibility threshold.

13 **Q. Are you confident that the rules you discuss will be successful at preventing
14 large QFs from disaggregating and receiving published rates?**

15 A. No. Experience has taught me that, where there is a financial incentive to do so,
16 QF developers are very innovative at working around anti-disaggregation rules.
17 However, the rule proposed by Company has an important safeguard in that a QF
18 that meets the criteria in the rule does not automatically qualify for published
19 rates. If there is evidence that the applicant is really a large QF notwithstanding
20 that it has met the criteria, the Commission has the discretion to deny the QF
21 eligibility for published rates. This is an essential feature of any rule the
22 Commission may adopt.

1 Q. Do you have any final comments?

2 A. Yes. The Company acknowledges it has a clear obligation under PURPA to
3 purchase the output from a QF resource at the Company's avoided cost. This
4 proceeding is seeking to determine how to allow wind and solar projects to sell
5 their output to the utilities as a QF at the appropriate avoided cost for the resource
6 operating characteristics. The Company believes a permanent 100 kW size
7 threshold for wind and solar is the surest mechanism to allow small independent
8 projects to continue to receive published avoided cost prices while restricting
9 large resources from disaggregating to smaller projects to acquire published
10 avoided cost prices. The Company does not support returning the eligibility
11 threshold back to 10 aMW. However if the Commission seeks the alternative —
12 to establish a set of rules that restricts disaggregation — then the Company has set
13 forth a set of rules that it believes can be implemented quickly and fairly. These
14 rules have been drafted with no set eligibility cap, rather they are written as
15 general rules that can be applied regardless of size.

16 Q. Does this conclude your direct testimony in this proceeding?

17 A. Yes.

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IDAHO PUBLIC
UTILITIES COMMISSION

Case No. GNR-E-11-01

Exhibit No. 201

Witness: Bruce W. Griswold

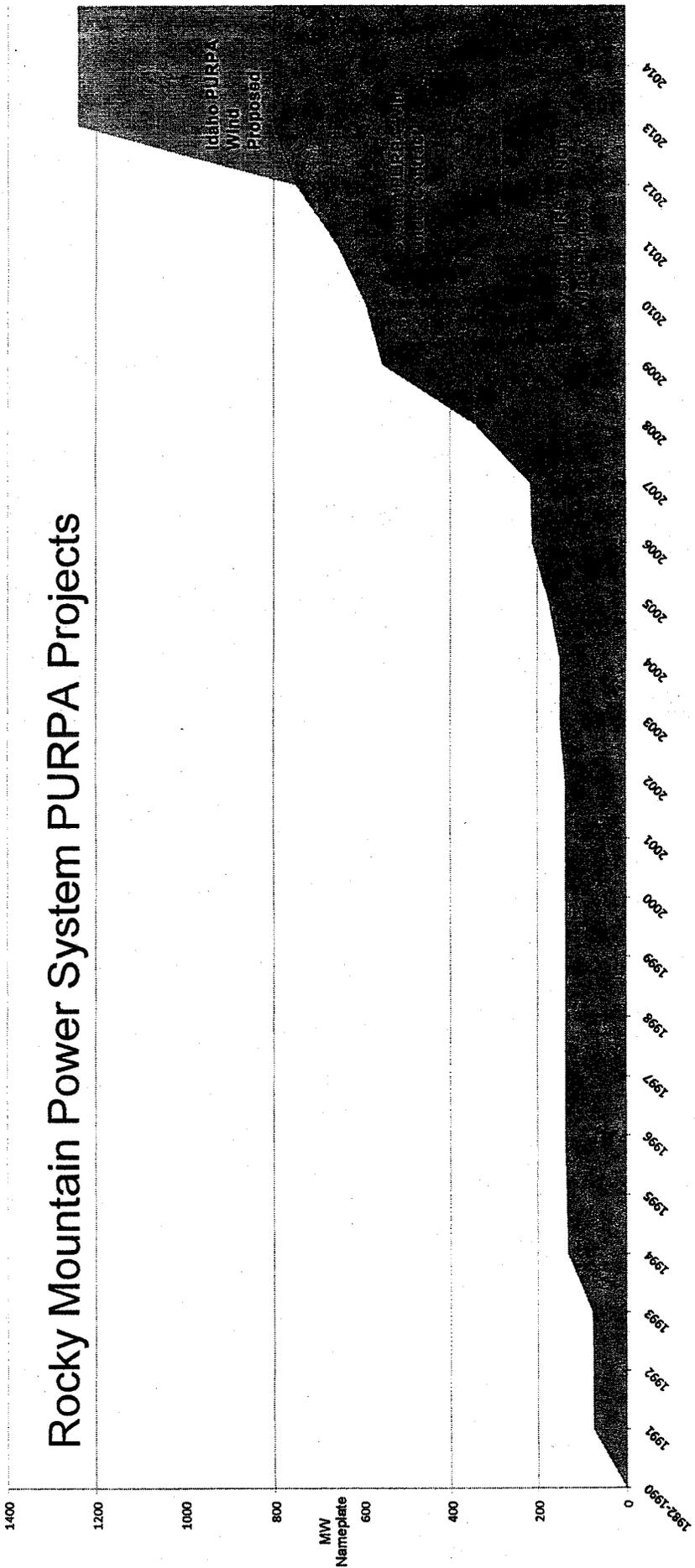
BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Bruce W. Griswold

March 2011

Rocky Mountain Power System PURPA Projects

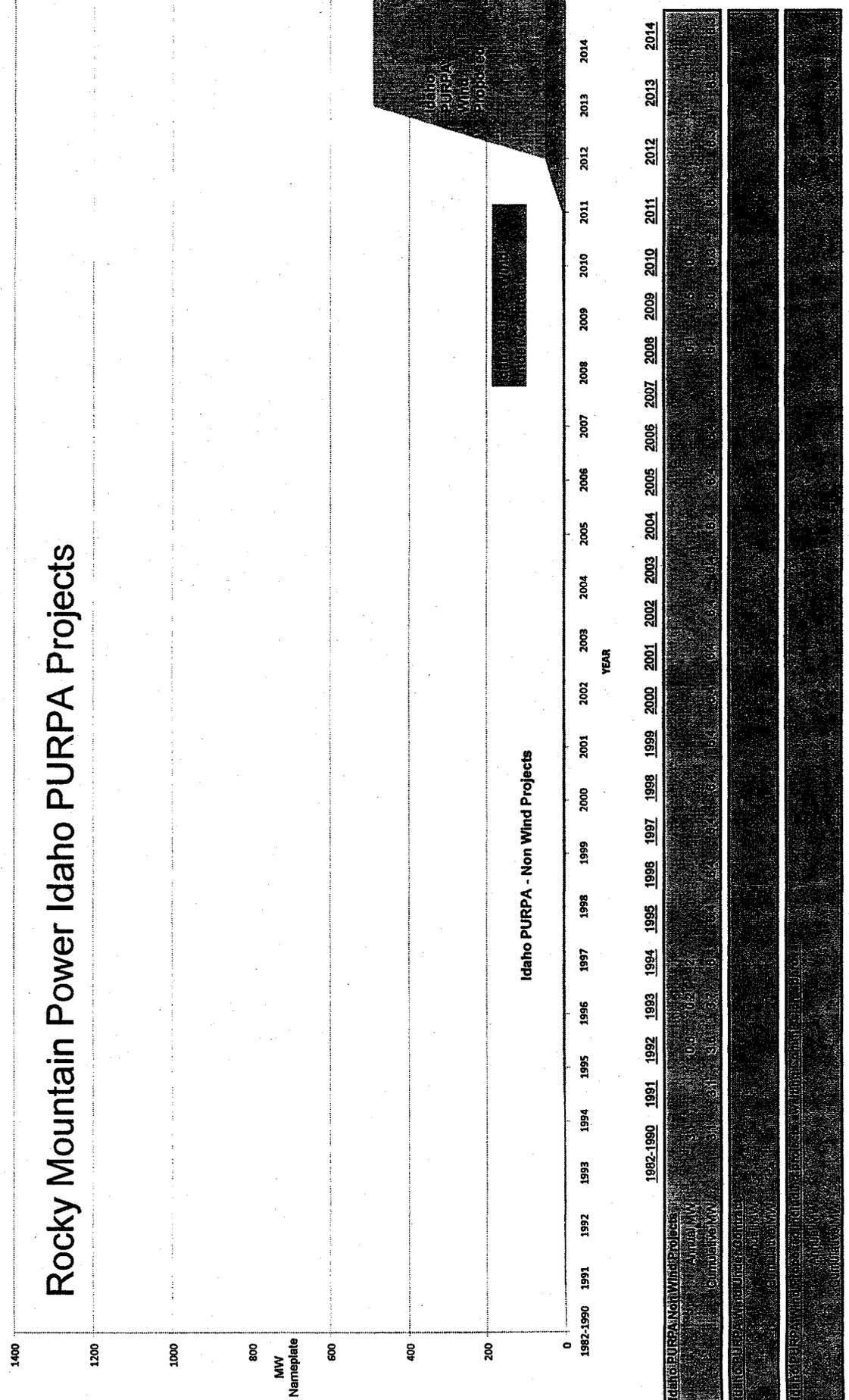


1992-1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

System PURPA Wind Projects	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actual MW	1747	1451	518	27	0	0	0	0	0	0	0	0	250	385	37	127.9	7.9	8.2	189				
Capacity MW	3747	767	1301.8	133.6	136.5	136.5	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7	136.7

System PURPA Wind Projects
 Actual MW
 Capacity MW

Rocky Mountain Power Idaho PURPA Projects



Idaho PURPA - Non Wind Projects

1982-1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

Idaho PURPA - Non Wind Projects

Idaho PURPA - Non Wind Projects

Idaho PURPA - Non Wind Projects

QF Project	Type	Proposed On-line Date	Nameplate Capacity (MW)	Status	Wind QF Projects (MW)	
					2011	2012
1 QF 1A	Wind	12/31/12	27.5	In QF Queue		27.5
2 QF 1B	Wind	12/31/12	27.5	In QF Queue		27.5
3 QF 1C	Wind	12/31/12	27.5	In QF Queue		27.5
4 QF 1D	Wind	12/31/12	27.5	In QF Queue		27.5
5 QF 2A	Wind	06/01/12	19.8	In QF Queue		19.8
6 QF 2B	Wind	06/01/12	19.8	In QF Queue		19.8
7 QF 2C	Wind	06/01/12	19.8	In QF Queue		19.8
8 QF 2D	Wind	06/01/12	10	In QF Queue		10
9 QF 3A	Wind	12/31/12	30	In QF Queue		30
10 QF 3B	Wind	12/31/12	78	TRE Methodology Prices provided		78
11 QF 4	Wind	12/31/12	19.5	In QF Queue		19.5
12 QF 5	MSW	01/01/12	12	In QF Queue		
13 Cargill - Kettle Bunk	Biogas	03/01/11	1.6	PPA executed - waiting Commission decision		
14 Cedar Creek Wind 1	Wind	10/01/12	27.5	PPA executed - waiting Commission decision		27.5
15 Cedar Creek Wind 2	Wind	10/01/12	27.5	PPA executed - waiting Commission decision		27.5
16 Cedar Creek Wind 3	Wind	10/01/12	27.5	PPA executed - waiting Commission decision		27.5
17 Cedar Creek Wind 4	Wind	10/01/12	25.2	PPA executed - waiting Commission decision		25.2
18 Cedar Creek Wind 5	Wind	10/01/12	25.2	PPA executed - waiting Commission decision		25.2
19 Power County North	Wind	12/31/11	21.8	Commission approved	21.8	
20 Power County South	Wind	12/31/11	21.8	Commission approved	21.8	

All Resource QF Projects	# of Projects	MW	Wind QF Projects	# of Projects	MW
Pending or approved but not commercial	20	497.0	Total wind QFs including projects awaiting Commission approval	16	439.8
			In queue but not executed	11	306.9
			In queue and subject to eligibility cap	10	228.9
			Total wind QF projects pending or approved but not commercial	18	483.4

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Case No. GNR-E-11-01

Exhibit No. 202

IDAHO PUBLIC
UTILITIES COMMISSION

Witness: Bruce W. Griswold

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Bruce W. Griswold

March 2011

HARDY MYERS
Attorney General



Rocky Mountain Power
Exhibit No. 202 Page 1 of 19
Case No. GNR-E-11-01
Witness: Bruce W. Griswold PETER D. SHEPHERD
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

February 6, 2006

VIA ELECTRONIC MAIL AND HAND DELIVERY

Public Utility Commission of Oregon
Attention: Filing Center
550 Capitol Street NE, #215
P.O. Box 2148
Salem, OR 97308-2148
Puc.filingcenter@state.or.us

Re: *In the Matter of Public Utility Commission of Oregon Staff's Investigation Relating to
Electric Utility Purchases from Qualifying Facilities*
OPUC Docket No. UM 1129
DOJ File No. 330-020-GN0041-04

Enclosed for filing are originals and five copies of Oregon Department of Energy's
Motion to Admit Partial Stipulation, Partial Stipulation with attachment, and certificate of
service in the above-captioned matter.

Sincerely,

/s/ Janet L. Prewitt

Janet L. Prewitt
Assistant Attorney General
Natural Resources Section

Enclosures

c: Phil Carver, ODOE (email only)
Jeff Keto, ODOE (email only)
UM 1129 Service List

JLP:jrs/GENP1683

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1129**

In the Matter of the

**PUBLIC UTILITY COMMISSION OF
OREGON**

Staff's Investigation Relating to Electric
Utility Purchases from Qualifying Facilities

**OREGON DEPARTMENT OF
ENERGY'S MOTION TO ADMIT
PARTIAL STIPULATION**

The Oregon Department of Energy ("ODOE") moves to admit the Partial Stipulation resolving Issue Number 4 in the Issues List for Track I, as set forth in Appendix A of the Correct Ruling issued herein on November 29 2005.

Current parties to this stipulation are Idaho Power Company ("Idaho Power"), PacifiCorp, Portland General Electric, the Staff of the Public Utility Commission of Oregon ("Staff"), Sherman County/J.R. Simplot ("Sherman County/Simplot"), and ODOE. Industrial Customer of Northwest Utilities ("ICNU") has indicated that it neither opposes nor supports the stipulation. The partial stipulation is available to any other parties to the docket, who may participate by signing and filing a copy of the Partial Stipulation.

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This stipulation is supported by the Rebuttal Testimony of Carel Dewinkel,
ODOE Exhibit No. 8 and the statement made during the cross examination on February
2, 2006 by Staff witness Lisa Schwartz.

Dated this 6th day of February, 2006.

Respectfully submitted,

HARDY MYERS
Attorney General

/s/ Janet L. Prewitt

Janet L. Prewitt, #85307
Assistant Attorney Generals
Of Attorneys for Oregon
Department of Energy

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of February, 2006, I served the foregoing MOTION TO ADMIT PARTIAL STIPULATION and PARTIAL STIPULATION upon the persons named on the attached UM 1129 service list by electronic mail and by mailing a full, true and correct copy thereof addressed to the persons at the addresses on the UM 1129 service list (with the exception of those parties who have waived paper service).

Dated: February 6, 2006

/s/ Janet L. Prewitt

Janet L. Prewitt, #85307
Assistant Attorney General

UM 1129 SERVICE LIST

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<p>JOHN R GALE IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 rgale@idahopower.com</p>	<p>J RICHARD GEORGE -- CONFIDENTIAL PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON ST PORTLAND OR 97204 richard.george@pgn.com</p>
<p>THOMAS M GRIM CABLE HUSTON BENEDICT ET AL 1001 SW FIFTH AVE STE 2000 PORTLAND OR 97204-1136 tgrim@chbh.com</p>	<p>DAVID HAWK J R SIMPLOT COMPANY PO BOX 27 BOISE ID 83707 david.hawk@simplot.com</p>
<p>STEVEN C JOHNSON CENTRAL OREGON IRRIGATION DISTRICT 2598 NORTH HIGHWAY 97 REDMOND OR 97756 stevej@coid.org</p>	<p>BARTON L KLINE IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 bkline@idahopower.com</p>
<p>ALAN MEYER -- CONFIDENTIAL WEYERHAEUSER COMPANY 698 12TH ST - STE 220 SALEM OR 97301-4010 alan.meyer@weyerhaeuser.com</p>	<p>MONICA B MOEN IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 mmoen@idahopower.com</p>
<p>THOMAS H NELSON THOMAS H NELSON & ASSOCIATES 825 NE MULTNOMAH STE 925 PORTLAND OR 97232 nelson@thnelson.com</p>	<p>LISA F RACKNER ATER WYNNE LLP 222 SW COLUMBIA ST STE 1800 PORTLAND OR 97201-6618 lfr@aterwynne.com</p>
<p>PGE-OPUC FILINGS RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON ST 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com</p>	<p>DON READING -- CONFIDENTIAL BEN JOHNSON ASSOCIATES 6070 HILL ROAD BOISE ID 83703 dreading@mindspring.com</p>

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1129

In the Matter of Public Utility Commission
of Oregon Staff's Investigation Relating to
Electric Utility Purchases from Qualifying
Facilities.

PARTIAL STIPULATION

This Partial Stipulation is entered into for the purpose of resolving a specific issue identified in this docket and does not address issues other than the specifically identified issue.

PARTIES

1. The initial parties to this Partial Stipulation are Idaho Power Company ("Idaho Power"), PacifiCorp, Portland General Electric Company ("PGE"), the Staff of the Public Utility Commission of Oregon ("Staff"), Sherman County Court/J.R. Simplot ("Sherman County/Simplot"), and the Oregon Department of Energy ("ODOE") (together "the Parties"). This Partial Stipulation will be made available to the other parties to this docket, who may participate by signing and filing a copy of this Partial Stipulation.

BACKGROUND

2. On May 13, 2005, the Commission issued Order No. 05-584 in this Docket which specified terms and conditions to be included in standard QF contracts. The order also indicated that a second phase of Docket No. UM 1129 would be opened to address issues that required further evidentiary development.

3. Each of the electric utilities filed avoided costs, revised tariffs and new standard QF contracts on July 12, 2005. On August 2, 2005, the Commission allowed the filings to go into effect, but ordered that an investigation of the filings be undertaken.

4. Phase II of this Docket was divided into tracks, with one track addressing compliance issues and another addressing the issues the Commission identified in Order No. 05-584 to be further investigated. Following the parties' development of proposed issues lists and the filing of comments, a Corrected Ruling was issued November 29, 2005, adopting an Issues List for Track I, as set forth in Appendix A of the Corrected Ruling, and an Issues List for Track II, as set forth in Appendix B of the Corrected Ruling.

5. Issue number 4 in Appendix A ("Issue 4") states:

"Should the Commission adopt criteria for determining whether multiple energy projects are in fact a single Qualifying Facility to protect the intent of Order No. 05-584, which directs that only projects 10 MW and smaller are eligible for standard avoided cost rates and a standard contract? For example, if a 60 MW wind farm is divided into six 10 MW installments in close proximity to one another, all built in the same calendar year, and with underlying ownership structures containing similar persons or entities, should each installment be eligible for standard rates and standard contracts? What criteria determine when a Qualifying Facility is 10 MW or less and eligible for the standard contract when the project/site has multiple generating units?"

6. Pursuant to Administrative Law Judge Kirkpatrick's August 23, 2005 Prehearing Conference Memorandum, a settlement conference on UM 1129 issues was held on November 1, and an additional settlement conference was held on December 13, 2005. The settlement conferences were open to all parties.

7. As a result of the settlement conferences, the Parties have reached agreement on the matters set forth below. The Parties submit this Partial Stipulation to the Commission and request that the Commission approve the settlement as presented.

AGREEMENT

8. The Parties agree that the definitions and terms set forth in Exhibit A, attached hereto and incorporated herein, are fair and reasonable and should be adopted by the Commission as a resolution to Issue 4.

9. The Parties agree that this Partial Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Partial Stipulation shall not be admissible as evidence in this or any other proceeding.

10. This Partial Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-14-0085. The Parties agree to support this Partial Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Partial Stipulation at the hearing and recommend that the Commission issue an order adopting the settlements contained herein.

11. The Parties agree that they will continue to support the Commission's adoption of the terms of this Partial Stipulation. If this Partial Stipulation is challenged by any other party to this proceeding, the Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the settlements embodied in this Partial Stipulation.

12. The Parties have negotiated this Partial Stipulation as an integrated document. If the Commission rejects all or any material portion of this Partial Stipulation or imposes additional material conditions in approving this Partial Stipulation, any party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

13. By entering into this Partial Stipulation, no party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other party in arriving at the terms of this Partial Stipulation, other than those specifically identified in the body of this Partial Stipulation, including Exhibit A. No party shall be deemed to have agreed that any provision of this Partial Stipulation is appropriate for resolving issues in any other proceeding, except as previously identified in Paragraph 8 of the Partial Stipulation.

14. This Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Partial Stipulation is entered into by each party on the date entered below such party's signature.

Signatures follow on next page

IDAHO POWER COMPANY

By: *B. H. [Signature]*
Date: *January 19, 2006*

STAFF

By: _____
Date: _____

PACIFICORP

By: _____
Date: _____

ODOE

By: _____
Date: _____

PORTLAND GENERAL ELECTRIC

By: _____
Date: _____

SHERMAN COUNTY/SIMPLOT

By: _____
Date: _____

IDAHO POWER COMPANY

STAFF

By: _____

By: _____

Date: _____

Date: _____

PACIFICORP

ODOE

By: *[Signature]*

By: _____

Date: 1-18-06

Date: _____

PORTLAND GENERAL ELECTRIC

SHERMAN COUNTY/SIMPLOT

By: _____

By: _____

Date: _____

Date: _____

IDAHO POWER COMPANY

By: *[Signature]*
Date: January 19, 2006

PACIFICORP

By: _____
Date: _____

PORTLAND GENERAL ELECTRIC

By: _____
Date: _____

STAFF

By: _____
Date: _____

ODOE

By: *Janet L. Lewitt*
Date: January 31, 2006

SHERMAN COUNTY/SIMPLOT

By: _____
Date: _____

IDAHO POWER COMPANY

By: *[Signature]*
Date: January 19, 2006

STAFF

By: *[Signature]*
Date: 1/26/06

PACIFICORP

By: _____
Date: _____

ODOE

By: _____
Date: _____

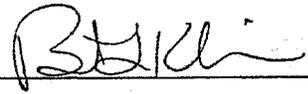
PORTLAND GENERAL ELECTRIC

By: _____
Date: _____

SHERMAN COUNTY/SIMPLOT

By: _____
Date: _____

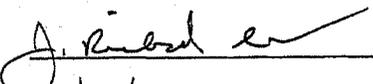
IDAHO POWER COMPANY

By: 
Date: January 19, 2006

PACIFICORP

By: _____
Date: _____

PORTLAND GENERAL ELECTRIC

By: 
Date: 1/31/06

STAFF

By: _____
Date: _____

ODOE

By: _____
Date: _____

SHERMAN COUNTY/SIMPLOT

By: _____
Date: _____

IDAHO POWER COMPANY

STAFF

By: _____

By: _____

Date: _____

Date: _____

PACIFICORP

ODOE

By: *[Signature]*

By: _____

Date: 1-18-06

Date: _____

PORTLAND GENERAL ELECTRIC

SHERMAN COUNTY/SIMPLLOT

By: _____

By: *[Signature]*

Date: _____

Date: 2/2/05

**EXHIBIT "A"
TO PARTIAL STIPULATION**

Definition of a Small Cogeneration Facility or Small Power Production Facility Eligible to Receive the Standard Rates and Standard Contract:

A Qualifying Facility (either a small power production facility or a cogeneration facility) ("QF") will be eligible to receive the standard rates and standard contract if the nameplate capacity of the QF, together with any other electric generating facility using the same motive force, owned or controlled by the same person(s) or affiliated person(s), and located at the same site, does not exceed 10 MW.

Definition of Person(s) or Affiliated Person(s):

As used above, the term "same person(s)" or "affiliated person(s)" means a natural person or persons or any legal entity or entities sharing common ownership, management or acting jointly or in concert with or exercising influence over the policies or actions of another person or entity. However, two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) solely because they are developed by a single entity. Furthermore, two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) if such common person or persons is a "passive investor" whose ownership interest in the QF is primarily related to utilizing production tax credits, green tag values and MACRS depreciation as the primary ownership benefit. A unit of Oregon local government may also be a "passive investor" if the local governmental unit demonstrates that it will not have an equity ownership interest in or exercise any control over the management of the QF and that its only interest is a share of the cash flow from the QF, which share will not exceed 20%. The 20% cash flow share limit may only be exceeded for good cause shown and only with the prior approval of the Commission.

Definition of Same Site:

For purposes of the foregoing, generating facilities are considered to be located at the same site as the QF for which qualification for the standard rates and standard contract is sought if they are located within a five-mile radius of any generating facilities or equipment providing fuel or motive force associated with the QF for which qualification for the standard rates and standard contract is sought.

Shared Interconnection and Infrastructure:

QFs otherwise meeting the above-described separate ownership test and thereby qualified for entitlement to the standard rates and standard contract will not be disqualified by utilizing an interconnection or other infrastructure not providing motive force or fuel that is shared with other QFs qualifying for the standard rates and standard

EXHIBIT "A"
TO PARTIAL STIPULATION

contract so long as the use of the shared interconnection complies with the interconnecting utility's safety and reliability standards, interconnection contract requirements and Prudent Electrical Practices as that term is defined in the interconnecting utility's approved standard contract.

Dispute Resolution:

Upon request, the QF will provide the purchasing utility with documentation verifying the ownership, management and financial structure of the QF in reasonably sufficient detail to allow the utility to make an initial determination of whether or not the QF meets the above-described criteria for entitlement to the standard rates and standard contract. Any dispute concerning a QF's entitlement to the standard rates and standard contract shall be presented to the Commission for resolution.

Standard Contract Provision

To insure continued compliance with the requirements stated above, the standard contracts shall contain a representation in substantially the following form: "Seller will not make any changes in its ownership, control or management during the term of this Agreement that would cause it to not be in compliance with the *Definition of a Small Cogeneration Facility or Small Power Production Facility Eligible to Receive the Standard Rates and Standard Contract* approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by Buyer not more frequently than every 36 months, such documentation and information as may be reasonably required to establish Seller's continued compliance with such Definition. Buyer agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except Buyer will provide all such confidential information to the Public Utility Commission of Oregon upon the Commission's request."

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IDAHO PUBLIC
UTILITIES COMMISSION

Case No. GNR-E-11-01

Exhibit No. 203

Witness: Bruce W. Griswold

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Bruce W. Griswold

March 2011

Proposed Criteria for Published Avoided Cost Eligibility

(a) The total size of a combination of wind or solar energy conversion systems for the purpose of determining whether a QF is eligible for published avoided cost prices must be determined according to this section. The nameplate capacity of one wind or solar energy conversion system must be combined with the nameplate capacity of any other wind or solar energy conversion system that:

- (1) is located within five miles of the wind or solar energy conversion system;
- (2) is constructed within the same 24-month period as the wind or solar energy conversion system; and
- (3) exhibits characteristics of being a single development, including, but not limited to, ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) The utility shall provide forms and assistance for project developers to make a request for a size determination. Upon written request of a project developer, the utility shall provide a written size determination within 30 days of receipt of the request and of any information requested by the utility. In the case of a dispute, the Commission shall make the final size determination.

(c) An application for a power purchase agreement with published avoided cost prices by a wind or solar energy conversion system is not complete without a size determination made under this rule.

Qualifying Facility Size Determination Application (Wind)

Directions for Applicant:

This form has been developed to gather information and assist [utility] in determining the size of proposed Solar Qualifying Facilities (QF) pursuant to Idaho Public Utilities Commission (Commission) Order No. _____. [Utility's] determination of size will determine whether a proposed QF is eligible for the avoided cost rates published by the Commission. An applicant seeking a power purchase agreement with published rates must first submit this application along with the information requested herein to [utility]. Within 30 days of receipt of this application plus any information [utility] reasonably requires, [utility] will provide applicant a written determination of the size of its QF. If applicant does not agree with the determination, it may within 30 days appeal [utility's] decision to Commission, who shall then make a final determination based upon the materials provided to [utility], [utility's] written determination, applicant's petition and [utility's] answer. If [utility] or the Commission determines that the size of the QF is less than the Commission's eligibility cap, then QF may apply for a power purchase agreement containing the Commission's published avoided cost rates.

Please note that prices set forth in any power purchase agreement or otherwise provided by [utility] during negotiations are subject to revision by Commission order and QF is not entitled to a specific avoided cost rate until the Commission has approved an executed agreement between QF and [utility].

Please complete the form, sign it, date it, and return the completed form to:

[Contact information for
person responsible for
reviewing this form at the
Utility]

A. Project Description and Location

Please provide the following information regarding the design and location of the proposed project:

A.1 Please describe the proposed project including: (1) turbine size, make, and model, (2) number of turbines, (3) location of the project (county, township), and (4) the area within the project boundary (acres).

A.2 A map of the project showing the proposed project boundary, the interconnection site, wind turbine locations, and associated facilities. "Associated facilities" includes access roads, collector and feeder lines, and substations. The map should be a USGS survey map or current aerial photography or similar. The map must include a scale and the proposed latitude and longitude of each turbine in the project.

A.3 A map with the same elements as A.1 (providing for scale), but including a line indicating a distance of 5 miles from the proposed project boundary.

A.4 Please describe and identify on a map any other Wind QFs, in operation or in development, that the applicant or developer knows or believes is within 5 miles of the proposed project.

B. Project Construction

B.1 Please provide the anticipated schedule for completing the proposed project, including

dates for permitting, construction (start and end dates), and commercial operation.

B.2 Please identify any Wind QFs that the applicant or developer knows or believes: (1) will be constructed within a similar timeframe as the proposed project, and (2) is within 5 miles of the proposed project.

C. Project Characteristics

C.1 Please provide the name, address, and telephone number of the applicant and any authorized representative.

C.2 Please provide the name, address, and telephone number of the person or persons who would prepare the application to the Idaho Public Utilities Commission, if such an application would be prepared by an agent or consultant of the applicant.

C.3 Please briefly describe the applicant business entity including its ownership (including any upstream ownership) and financial structure.

C.4 Please provide the Idaho Secretary of State organizational ID number for the applicant business entity, all subordinate entities, and all wind developer entities involved with the project.

C.5 Please describe the status of the proposed project within an interconnection queue. If the project has been given queue number by a transmission provider, please include it.

C.6 Please describe who will be constructing the project.

C.7 Please describe who will be operating and maintaining the project.

C.8 Please identify and provide contact information for the person or persons who would be the permittees, if different than the applicant, if the Solar QF is permitted by an Idaho County.

C.9 Please identify any Wind QFs within 5 miles of the proposed project in which the applicant, or a principal, partner, or affiliate of the applicant, has an ownership or other financial interest.

C.10 Please identify any Wind QFs within 5 miles of the proposed project which shares any of the following with the proposed project: power purchase agreement, interconnection, revenues, debt or equity financing.

I attest that the information provided above is accurate.

Signature: _____

Title: _____

Date: _____

Qualifying Facility Size Determination Application (Solar)

Directions for Applicant:

This form has been developed to gather information and assist [utility] in determining the size of proposed

Solar Qualifying Facilities (QF) pursuant to Idaho Public Utilities Commission (Commission) Order No. _____. [Utility's] determination of size will determine whether a proposed QF is eligible for the avoided cost rates published by the Commission. An applicant seeking a power purchase agreement with published rates must first submit this application along with the information requested herein to [utility]. Within 30 days of receipt of this application plus any information [utility] reasonably requires, [utility] will provide applicant a written determination of the size of its QF. If applicant does not agree with the determination, it may within 30 days appeal [utility's] decision to Commission, who shall then make a final determination based upon the materials provided to [utility], [utility's] written determination, applicant's petition and [utility's] answer. If [utility] or the Commission determines that the size of the QF is less than the Commission's eligibility cap, then QF may apply for a power purchase agreement containing the Commission's published avoided cost rates.

Please note that prices set forth in any power purchase agreement or otherwise provided by [utility] during negotiations are subject to revision by Commission order and QF is not entitled to a specific avoided cost rate until the Commission has approved an executed agreement between QF and [utility].

Please complete the form, sign it, date it, and return the completed form to:

[Contact information for person responsible for reviewing this form at the Utility]

A. Project Description and Location

Please provide the following information regarding the design and location of the proposed project:

A.1 Please describe the proposed project including: (1) solar panel size, make and model, (2) number of panels, (3) location of the project (county, township), and (4) the area within the project boundary (acres).

A.2 A map of the project showing the proposed project boundary, the interconnection site, wind turbine locations, and associated facilities. "Associated facilities" includes access roads, collector and feeder lines, and substations. The map should be a USGS survey map or current aerial photography or similar. The map must include a scale and the proposed latitude and longitude of each turbine in the project.

A.3 A map with the same elements as A.1 (providing for scale), but including a line indicating a distance of 5 miles from the proposed project boundary.

A.4 Please describe and identify on a map any other Solar QFs, in operation or in development, that the applicant or developer knows or believes is within 5 miles of the proposed project.

B. Project Construction

B.1 Please provide the anticipated schedule for completing the proposed project, including dates for permitting, construction (start and end dates), and commercial operation.

B.2 Please identify any Solar QF projects that the applicant or developer knows or believes: (1) will be constructed within a similar timeframe as the proposed project, and (2) is within 5 miles of the proposed project.

C. Project Characteristics

C.1 Please provide the name, address, and telephone number of the applicant and any authorized representative.

C.2 Please provide the name, address, and telephone number of the person or persons who would prepare the application to the Idaho Public Utilities Commission, if such an application would be prepared by an agent or consultant of the applicant.

C.3 Please briefly describe the applicant business entity including its ownership (including any upstream ownership) and financial structure.

C.4 Please provide the Idaho Secretary of State organizational ID number for the applicant business entity, all subordinate entities, and all solar developer entities involved with the project.

C.5 Please describe the status of the proposed project within an interconnection queue. If the project has been given queue number by a transmission provider, please include it.

C.6 Please describe who will be constructing the project.

C.7 Please describe who will be operating and maintaining the project.

C.8 Please identify and provide contact information for the person or persons who would be the permittees, if different than the applicant, if the Solar QF is permitted by an Idaho County.

C.9 Please identify any Solar QFs within 5 miles of the proposed project in which the applicant, or a principal, partner, or affiliate of the applicant, has an ownership or other financial interest.

C.10 Please identify any Solar QFs within 5 miles of the proposed project which shares any of the following with the proposed project: power purchase agreement, interconnection, revenues, debt or equity financing.

I attest that the information provided above is accurate.

Signature: _____

Title: _____

Date: _____