

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S) CASE NO. GNR-E-11-01
INVESTIGATION INTO DISAGGREGATION)
AND AN APPROPRIATE PUBLISHED) NOTICE OF INQUIRY
AVOIDED COST RATE ELIGIBILITY CAP)
STRUCTURE FOR PURPA QUALIFYING) NOTICE OF
FACILITIES.) INTERVENTION DEADLINE
)
) **NOTICE OF SCHEDULING**
)
) **NOTICE OF**
) **TECHNICAL HEARING**
)
) **ORDER NO. 32195**

Pursuant to PURPA regulations issued by the Federal Energy Regulatory Commission (FERC), this Commission must publish avoided cost rates for QFs with a design capacity of 100 kW or less. However, the Commission has the discretion to set the published avoided cost rate at a higher capacity amount – commonly referred to as the “eligibility cap.” 18 C.F.R. § 292.304(c)(1) and (2).

In establishing eligibility criteria for a published rate, the Commission may differentiate among QFs. 18 C.F.R. § 292.304(c)(3). The Commission established a distinction between small and large QFs in 1995 when it adopted the use of the IRP methodology for larger QFs. Order Nos. 25882, 25883, 25884. The purpose, then and now, of distinguishing between small and large QFs with the application of the IRP methodology for large QF projects is to more precisely value the energy being delivered – not encourage or discourage particular QF resources.

The Commission initiates this proceeding to investigate and determine in a finite time frame requirements by which wind and solar QFs can obtain a published avoided cost rate without allowing large QFs to obtain a rate that is not an accurate reflection of a utility’s avoided cost for such projects.

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BACKGROUND

On November 5, 2010, Idaho Power Company, Avista Corporation, and PacifiCorp dba Rocky Mountain Power filed a Joint Petition requesting the Commission to initiate an investigation to address various avoided cost issues related to the Commission's implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA). Case No. GNR-E-10-04. At the time the Joint Petition was filed, eligibility for the published avoided cost rate was set at or below 10 aMW. Order No. 30488. The Petitioners also requested that, while an investigation was being conducted, the Commission "lower the published avoided cost rate eligibility cap from 10 aMW to 100 kW [to] be effective immediately. . . ." Petition at 7.

On December 3, 2010, the Commission issued an Order and Notice of Joint Petition. The Commission declined the utilities' request to immediately reduce the eligibility cap. Instead, the Commission determined that it would expeditiously consider the Petitioners' request to reduce the eligibility cap through the use of Modified Procedure (written comments) and oral arguments. Order No. 32131.

The Commission specifically requested comment and argument regarding: (1) the advisability of reducing the published avoided cost eligibility cap; (2) if the eligibility cap is reduced, the appropriateness of exempting non-wind QF projects from the reduced eligibility cap; and (3) the consequences of dividing larger wind projects into 10 aMW projects to utilize the published rate. The Commission also determined that its decision regarding the Joint Petitioners' Motion to reduce the published avoided cost eligibility cap would become effective on December 14, 2010. The Commission noted that it would consider the additional avoided cost issues identified by the Petitioners and other interested parties in subsequent proceedings.

On February 7, 2011, following the submission of comments, reply comments, and oral argument, the Commission issued Order No. 32176 temporarily reducing the eligibility cap for published avoided cost rates from 10 aMW to 100 kW for wind and solar only while the Commission further investigates the implications of disaggregated QF projects. The Commission explained that wind and solar resources present unique characteristics that differentiate them from other PURPA QFs. Wind and solar generation, integration, capacity and ability to disaggregate provide a basis for distinguishing the eligibility cap for wind and solar from other resources. The Commission specifically noted that temporarily reducing the

published avoided cost rate eligibility cap for wind and solar does not impede wind and solar projects larger than 100 kW from *negotiating* avoided cost rates using the IRP Methodology.

NOTICE OF INQUIRY

YOU ARE HEREBY NOTIFIED that, at minimum, FERC regulations require that standard or published rates be set for purchases from QFs with a design capacity of 100 kW or less. These regulations also grant the Commission the discretion to set the published rate eligibility cap at a higher level. 18 C.F.R. § 292.304(c).

YOU ARE FURTHER NOTIFIED that, whether it is a published rate or a rate for a larger QF, FERC requires that the avoided cost rates for all QF purchases be just and reasonable to utility customers and in the public interest; and not discriminate against qualifying cogeneration and small power production facilities. 18 C.F.R. § 292.304(a)(1).

YOU ARE FURTHER NOTIFIED that the Commission is concerned that large projects are disaggregating into smaller QF projects in order to be eligible for published avoided cost rates that may not be just and reasonable to the utility customers or in the public interest.

YOU ARE FURTHER NOTIFIED that the Commission seeks information regarding criteria within which small wind and solar QFs can obtain a published avoided cost rate without allowing large QFs to obtain a rate that is not an accurate reflection of a utility's avoided cost for such projects. Specifically, the Commission solicits information and investigation of a published avoided cost rate eligibility cap structure that: (1) allows small wind and solar QFs to avail themselves of published rates for projects producing 10 aMW or less; and (2) prevents large QFs from disaggregating in order to obtain a published avoided cost rate that exceeds a utility's avoided cost.

YOU ARE FURTHER NOTIFIED that testimonies and exhibits will be filed with the Commission and available for public inspection during regular business hours at the Commission offices. The testimonies and exhibits will also be available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72

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and 73, IDAPA 31.01.01.072 and .073. Persons intending to participate at hearing must file a Petition to Intervene **no later than seven (7) days from the service date of this Order**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail addresses to facilitate future communications in this matter.

YOU ARE FURTHER NOTIFIED that all parties to the GNR-E-10-04 case will be added as parties to this case automatically.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

NOTICE OF SCHEDULING

YOU ARE FURTHER NOTIFIED that, pursuant to the Commission's directive, the parties proposed and the Commission adopted the following procedural schedule in this case:

Deadline for prefile direct testimony/exhibits	Friday, March 25, 2011
Deadline for prefile rebuttal testimony/exhibits	Friday, April 22, 2011

The parties agreed that answers to discovery should be provided as soon as possible but no later than 21 days from the date of the discovery request. The prepared testimony and exhibits must conform to the requirements of Rules 231, 266 and 267 of the Commission's Rules of Procedure. IDAPA 31.01.01.231 and .266 through .267.

The above deadlines are for testimony and exhibit filings with the Commission. The parties shall file their prefile testimony and rebuttal testimony on other parties via electronic mail. E-copy service on parties of record should be made on the same date to the extent practicable with full service of testimony and exhibits provided to parties of record no later than the following business day.

NOTICE OF TECHNICAL HEARING

YOU ARE FURTHER NOTIFIED that the Commission will conduct a **technical hearing** in this matter on **TUESDAY, MAY 10, 2011, COMMENCING AT 9:30 A.M. AT THE COMMISSION'S HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO** and continuing if necessary through Friday, May 13, 2011, at the same location.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83710
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
Email: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that the parties comply with the case schedule set out in the body of this Order.

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IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than seven (7) days from the service date of this Order.

IT IS FURTHER ORDERED that all parties to the GNR-E-10-04 case be added as parties to this case without the need for further intervention proceedings.

IT IS FURTHER ORDERED that the parties file their prefile testimony and rebuttal testimony on other parties via electronic mail.

IT IS FURTHER ORDERED that the Commission shall conduct a technical hearing in this matter on Tuesday, May 10, 2011, commencing at 9:30 a.m. and continuing, if necessary, through Friday, May 13, 2011.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of February 2011.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDEFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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