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House of Representatives State of Idaho

SPEAKER OF THE HOUSE

April 21, 2011

The Honorable Marsha H. Smith
The Honorable Paul Kjellander
The Honorable Mack A. Redford
Idaho Public Utilities Commission
472 West Washington Street
PO Box 83720
Boise, ID 83720-0074

RE: Case No. GNR-E-11-01

*IN THE MATTER OF THE COMMISSION'S INVESTIGATION INTO
DISAGGREGATION AND AN APPROPRIATE PUBLISHED AVOIDED COST
RATE ELIGIBILITY CAP STRUCTURE FOR PURPA QUALIFYING FACILITIES*

Dear Commissioners Smith, Kjellander, and Redford:

As you may be aware, the Idaho legislature dealt with numerous issues related to the state's policy on wind and alternative energy this last legislative session. As anyone can see by the hundreds of wind turbines located throughout our state, the once nascent and fledgling wind industry has now fully developed and taken hold in Idaho. As members of House Leadership, we are pleased to see that we have created a positive business climate for the development of environmentally sustainable energy resources.

We are concerned, however, that we may be going too far by setting policy that requires Idaho's investor owned utilities to purchase energy at prices that subsidize project developers to the detriment of Idaho's ratepayers. The Commission's previous policy has allowed projects to artificially disaggregate into 10aMW increments to take advantage of higher, published avoided cost rates, has created an operational burden for Idaho's electric utilities, and, more importantly, will lead to higher energy rates for Idaho consumers. We are also concerned about the increasing amount of variable and intermittent energy being introduced onto the utilities' system and the potential effects that may have upon system reliability and customers' rates.

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That is why we, as members of House Leadership, voted in support of HB 348. This important piece of legislation would have set the eligibility cap at 100 kw for wind and solar energy projects seeking published avoided cost rates. We supported this legislation because it would have required wind and solar projects larger than 100kw to negotiate with the purchasing utilities on prices that are more in-line with the utilities' actual avoided costs and need for energy. Since these costs are passed-through to Idaho's ratepayers, it is critical that the utilities pay no more than what they would have otherwise paid for the same type of energy.

We are aware that the Commission recently set the published rate eligibility cap at 100 kw on a temporary basis and opened this docket to work through both the disaggregation and price issue for qualifying facilities. As part of this proceeding, we urge the Commission to consider setting the published rate eligibility cap at 100 kw on a permanent basis. Making this policy permanent would align Idaho's published rate eligibility with federal regulations and require developers to negotiate a fair price for ratepayers with the utility.

Through the Commission's leadership, Idaho has had a long history of offering businesses and consumers reliable energy at reasonable rates. We must set appropriate energy policies that ensure this will continue into the future.

Very truly yours,



Lawrence Denny
Speaker of the House



Mike Moyle
Majority Leader



Scott Bedke
Assistant Majority Leader



Ken Roberts
Majority Caucus Chair